Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L100.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes900	Tunisia	Din0.800
Greece	Dr200	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr7.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,310 — Thursday August 13 1987 — D 8523 A

Peking toughens up family planning policy, Page 12

World News

Reagan call for renewal of trust

President Reagan was expected to call for a renewal of trust between the Administration and Congress in a speech prepared for delivery to the American people early today in the wake of the Iran-contra scandal. "No president should ever be protected from the truth", an advance text released by the White House quoted him as saying.

Meanwhile, Nicaragua's left-wing Sandinista Government started to implement the provisions of last week's Central American peace plan. Page 12

France warns Libya over Chad fighting

France warned Libya that Paris was still ready to intervene in Chad despite its refusal to back Chadian government troops in their drive to retake a disputed border zone.

Meanwhile, Libya's air force resumed bombing raids against the disputed town of Aouzou and three civilian centres in northern Chad, the Chadian embassy in Paris said.

Bermuda hurricane

Arlene, first storm of the 1987 Atlantic hurricane season, was reported to be heading towards Bermuda and expected to hit the island with full force today.

Europe 'lags in skills'

Too few European workers possess the skills to cope with computers, paperless offices and other aspects of new technology which are transforming work, the International Labour Organisation said.

Spy book broadcasts

Denmark's national radio is to broadcast extracts of the book "Spycatcher" which the British Government has tried to ban. British listeners will be able to receive the broadcasts.

Chernobyl sheep

The UK Government imposed fresh restrictions on the movement and slaughter of sheep because of continued high levels of radiation caused by the explosion at the Chernobyl nuclear reactor 15 months ago. Page 12

Portuguese ministers

Portuguese Prime Minister Anibal Cavaco Silva named the 15 ministers in his new Government, including a change of foreign minister and the creation of two new cabinet posts.

Nato exercise

About 150 warships from 10 Nato nations will converge in the North Atlantic on August 31 for one of the alliance's biggest naval exercises of the year.

Freedom flight

A Prague truck driver fled to the West by piloting a motor-assisted hang glider across the border between Austria and Czechoslovakia.

Children 'safe'

Half the world's children were now immunised against the six main childhood diseases - diphtheria, tuberculosis, whooping cough, tetanus, poliomyelitis and measles, the World Health Organisation said.

New Caledonia alert

France said it was sending more police and paramilitary gendarmes to its South Pacific territory of New Caledonia as a precaution against violence in next month's referendum on independence.

AIDS warning

Two Turkish doctors, writing in a Moslem fundamentalist monthly, said AIDS was a divine warning and should be dealt with by propagating the Islamic lifestyle.

Wine withdrawn

The owner of Chateau Phelan-Segur, a top Bordeaux vineyard, withdrew more than 1m bottles of red wine worth FFr 40m ($6.3m) from the market because the 1983 vintage had a bad taste.

Business Summary

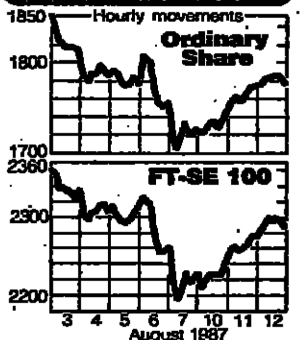
GenCorp loses RKO radio and TV licences

GENCORP, Ohio-based conglomerate which is radically slimming down its operations, faces a steep new obstacle to disposing of its RKO General broadcasting business after the decision by an administrative law judge to strip the company of its radio and television licences. Page 13

WEST GERMAN participation in the multinational effort to build a Europan fighter for the 1990s (the EFA) has run into stiff and unexpexted opposition from the leader of the Bonn Parliament's powerful budget committee. Page 2

LONDON: The UK securities market maintained its confidence despite caution over forthcoming statistics on domestic wage levels and retail prices. After a slow start, equities moved up sharply only to retreat towards the close. The FT-SE 100 closed a net 10.7 higher at 2,286.1. The FT Ordinary index was up 2.6 at 1,775.2. Details, Page 39

FT Indices



TOKYO: Buying enthusiasm continued unabated driving prices higher for the sixth consecutive session. Trading was a very heavy 1.14bn shares. The Nikkei average gained 277.26 to 25,560.23. Page 34

WALL STREET: The Dow Jones industrial average closed down 11.16 at 2,669.32. Page 34

GOLD rose $1.50 on the London bullion market to close at $462.25. It also rose in Zurich to close at $462.55 ($460.75). Page 22

DOLLAR closed in New York at DM1.8900, Y151.125, FFr6.3070, SFr1.5700. It fell in London to DM1.8920 (DM1.8975); to FFr6.3125 (Fr6.3275); to SFr1.5725 (SFr1.5765); and to Y151.30 (Y151.70). On Bank of England figures the dollar's exchange rate index fell to 104.9 from 105.1. Page 23

STERLING closed in New York at $1.5790. It rose in London to $5.800 ($5.700); to DM2.99 (DM2.98); to FFr9.9750 (FFr9.9350); to SFr2.4850 (SFr2.4750); and to Y239 (Y238.25). The pound's exchange rate index closed 72.5, up 0.3. Page 23

INTERNATIONAL Thomson Organisation, Toronto-based publishing, travel services and energy group, posted a sizeable downturn in net earnings form operations for the six months ended June 30, despite sharply higher revenues. Page 13

PARIBAS, recently-privatised French investment banking group, has completed its FFr4bn ($158m) rights issue with a take-up rate of 65 per cent among existing shareholders and heavy oversubscription overseas. Page 17

COPENHAGEN Handelsbank reported operating earnings down from DKr566m to DKr520m ($72.7m) in the first half, but maintained its earlier forecast that earnings for the year would improve. Page 17

MERGER OF Dome Mines, one of Canada's oldest mining companies, with Placer Developments, Vancouver-based international mining group, and Campbell Red Lake Mines, a smaller Canadian gold producer, is to go ahead. Page 13

DEUTSCHE BP, Hamburg-based subsidiary of British Petroleum, expects 1987 profits to show a further sharp rise after a gain last year which was heavily influenced by a switch away from non-oil activities. Page 17

NOVO, Danish pharmaceuticals and enzymes producer, saw its first-half earnings continue to slide under pressure from currency movements and increased marketing expenses. Page 14

Iran threatens to attack French and UK minesweepers

BY OUR FOREIGN AND POLITICAL STAFF

IRAN WARNED Britain and France yesterday that their decisions to send minesweepers to the Gulf would increase tension in the region, and said that their ships might be attacked in the event of a resumption of strikes on shipping by Iraq.

A Tehran radio commentary linked the British and French moves to Iraq's renewed bombing raids on Iranian economic targets on Monday, and to the US escort operations for reflagged Kuwaiti tankers in the Gulf.

"If England and France want to stand back-to-back with American forces to implement the aggressive policies of the Reagan Administration, we are ready to repeat the events of Lebanon which resulted in their flight."

This was a reference to the ill-starred multinational force which was sent to Beirut by the US, Britain, France and Italy in 1982 but was forced to withdraw after pro-Iranian suicide bombers blew up US and French barracks in November 1983, killing about 300 troops.

Meanwhile, diplomatic moves continued in Europe aimed at forging a joint position over the Gulf conflict. Italy yesterday called for a ministerial meeting of the seven-nation Western European Union to discuss the crisis. The Netherlands, which chairs the organisation, is consulting with other members to see whether a meeting either of ministers, officials or ambassadors could be convened, although only Italy has so far replied.

Britain and France have insisted that their decisions on Tuesday to send a total of six minesweepers were unrelated to the US tanker escort operations, or to US requests for assistance in clearing mines, which have already severely hampered its convoys.

Mr David Mellor, Britain's Minister of State for Foreign Affairs, said in London yesterday that the four British minesweepers would be deployed only in the southern part of the Gulf where the Royal Navy's two-ship Armilla patrol accompanies British-flag ships. This goes no further than Bahrain, so would not be able to assist the US in clearing mines from deep-water channels closer to Kuwait.

However, the decision to send minesweepers continued to concern the British Labour party yesterday. Mr Donald Anderson, a party spokesman on foreign affairs, has written to Mr Mellor asking him to clarify the rules of engagement under which British warships will be operating in the Gulf. Labour is worried that sending minesweepers could lead to an escalation in the Gulf war and possible direct involvement by Britain.

"We are sailing more deeply into a tunnel with no obvious escape route in sight," said Mr Anderson yesterday. "We need to clarify what precisely is the aim of UK policy and the limits of the operation."

He will ask what the British response would be if one of its ships were attacked and what proof there is that the mines discovered outside the Gulf - which prompted the UK Government to change its mind on the need for minesweepers - were planted by Iran.

The British minesweepers, which are being prepared for departure at their base at Rosyth in Scotland, will take five weeks to get to the Gulf. The French vessels are due to sail in the next few days and will take two weeks.

Also in Britain, the National Maritime Board, which represents UK shipping interests, accepted a request for the area officially designated a war zone to be extended to incorporate the Gulf of Oman, where several mines have been discovered and a ship has been damaged by

Continued on Page 12

ON OTHER PAGES

Iran will retain initiative despite minesweeper boost; Hard choice for underwriters; Italy seeks Western European Union meeting; Iran criticises United Nations resolution; Norwegians look to tanker safety, Page 3. Editorial comment, Page 10

Midland sales to National Australia avoid referral

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

NATIONAL AUSTRALIA Bank's proposed purchase of the Scottish and Northern Irish subsidiaries of the Midland Bank is not to be referred to Britain's Monopolies and Mergers Commission. This opens the way for the first acquisition of a UK clearing bank by a foreign bank.

However, in announcing his decision yesterday, Lord Young, the UK Trade and Industry Secretary, said that it should not be interpreted as an indication of his likely attitude in similar acquisitions in the future.

"Any such proposal," said a statement from the Department of Trade and Industry, "would be considered on its merits and in the light of the circumstances prevailing at the time."

The proposed deal by National Australia Bank is politically sensitive because it includes the acquisition of the Clydesdale Bank which, while part of the Midland group, is also a clearing bank in its own right. In the past, the Government has blocked any foreign attempt to buy a clearing bank because of the key role played in the UK economy by the clearing system.

During the debate earlier this year over the new Banking Bill, the Government made clear its new position that banks should be given no special protection against foreign takeover, other than that the would-be buyer should be "fit and proper". However, Lord Young, who handled the bill's passage through the House of Lords - although he was not then Trade Secretary - said that a reference to the Monopolies Commission would remain a means at the Government's disposal to thwart unwanted bank takeovers, particularly where large banks were concerned.

Officially, the decision against a referral was taken at the recommendation of Sir Gordon Borrie, Director-General of Fair Trading, because National Australia Bank has no substantial business in either Scotland or Northern Ireland which could lead to a restraint of trade.

However, the fact that Clydesdale Bank is not a leading member of the clearing system made its acquisition by a foreign institution - particularly one from a Commonwealth country - easier to accept.

The sale arose from Midland Bank's need to raise large amounts of new capital and make nearly £1bn of provisions against doubtful Third World loans.

Midland said yesterday that negotiatons on the exact purchase price were being finalised and it expects the sale to go through in late October.

Sweden and Denmark to start talks on $1.45bn bridge link

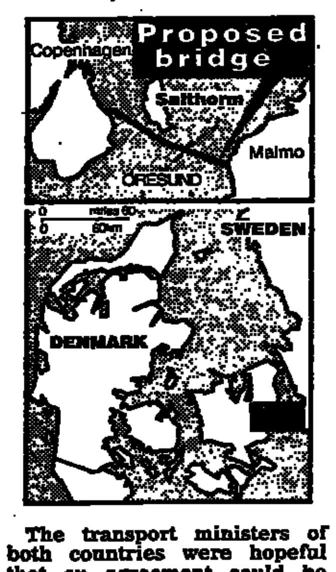
BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ONE of Europe's most ambitious communications projects could finally be about to happen after the Swedish and Danish Governments agreed yesterday to begin negotiations later this year on the construction of a SKr9.3bn ($1.45bn) road and rail link between the two countries.

With the DKr13-14bn Great Belt bridge and tunnel scheme now under way, the Oresund connection is the final missing link in the transport infrastructure planned for decades to join Scandinavia to continental Europe.

A joint report issued yesterday by working groups appointed by the two governments calls for the construction of a combined road and rail bridge between the southern Swedish city of Malmo and Copenhagen, the Danish capital.

The Swedish Transport Ministry said optimistically that the bridge could come into operation in 1995. The total planning and construction period would take seven to nine years.



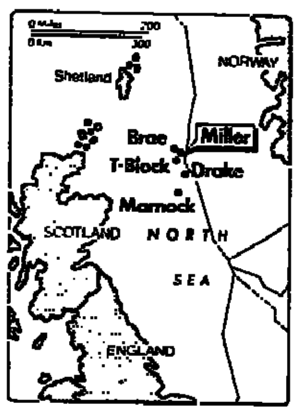
The transport ministers of both countries were hopeful that an agreement could be reached to bridge the Oresund - the busy straits which link the Baltic Sea and the Kattegat and separate Sweden from the Danish island of Zealand where Copenhagen is located. Discussions have been held on and off for more than 100 years.

The scheme suggests the building of a combined four-lane motorway and two-track electrified railway bridge, with a short tunnel section close to the Danish shore.

The total length of the link from coast to coast would be 17.6 kms and would start from the Swedish side on a high level bridge across the main shipping lanes. It would also be linked to Copenhagen's Kastrup airport, the main hub for air transport in northern Europe, where a new underground railway station would be built.

One of the biggest obstacles confronting the project was removed earlier this year when the Danish parliament passed legislation opening the way for the building of road and rail links across the Great Belt between Denmark's two largest islands - Zealand and Funen.

Continued on Page 12



BP ready to develop big field in North Sea

By Max Wilkinson, Resources Editor, in London

PRELIMINARY agreements have been reached for the largest North Sea oilfield development since the early 1980s.

The Miller field, with recoverable oil reserves of around 300m barrels and 300bn cubic feet of gas, is one of the last of the big oilfields in the UK sector in the foreseeable future.

Its development has an estimated cost of about $1.57bn. British Petroleum yesterday announced that it had agreed with its partners in the field that a final decision on whether to go ahead with the project should be made late this year or or early in 1988, provided the partners are satisfied as to its economic viability.

This will depend partly on whether a new gas gathering pipeline can be built to service Miller and nearby fields in time for the planned start of production in 1991.

BP also announced yesterday that its partners, Conoco, Enterprise Oil and Santa Fe, have become founder members of a group to build a Central North Sea System for gas gathering.

Rival plans are being developed, however, by Marathon, operator of the nearby Brae field and by British Gas, which wants a gathering system to be capable of collecting gas from the Norwegian Sleipner field.

The final decision as to which pipeline should be built rests with the Department of Energy but it will also be influenced by the timing of British Gas's contracts to purchase supplies from the different fields.

BP's announcement is seen in the industry as partly a jockeying for position in the race to build a pipeline, and it may accelerate a decision by the Government.

Mr Kneale Johnson, BP's director of development for Miller, said the agreement with partners on the operatorship, outline timetable and shares of the field between two blocks demonstrated the group's commitment to the project.

"We look forward to prog-

Continued on Page 12

S Africa holds 78 members of strike union

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN police yesterday arrested at least 78 officials and members of the black National Union of Mineworkers (NUM) on the third day of a nationwide gold and coal mine strike.

It was the first serious government intervention in the strike, the largest in the country's history.

The NUM also announced that 128 of its 150 members at the Rand Refinery had voted to strike.

The refinery, managed by the Chamber of Mines, processes all the country's gold. The country's supply of marketable gold could dry up quickly if it is made idle.

But the Chamber believes non-union staff could keep it operating.

NUM claims that men have gone on strike at the Blyvooruitzicht gold mine have meanwhile been denied by the mine's managers.

Mr Marcel Golding, an NUM official, described the police action as "an attempt to break the strike and to undermine legitimate trade union activities."

Police said the miners, who were herded into vans after a union meeting at Klerksdorp, west of Johannesburg, were arrested on charges including subversion and plotting to murder strikebreakers.

The political dimensions of the strike were further underlined when the the United Democratic Front, the country's main internal anti-apartheid organisation, offered support for the miners and said it might supply them with food during the strike.

Support for the strike increased yesterday as men at two more collieries downed tools, while employees at an antimony mine voted to join the stoppage.

So far the dispute, involving between 220,000 and 340,000 men, has remained more peaceful than those of previous years.

In addition to the police arrests, the NUM alleges that security men employed by Gold Fields of South Africa have detained 16 union organisers at the Doornfontein and Deelkraal gold mines. Neither of the two mines had been affected by the strike.

Union leaders are pleased with the response to the strike call, although few miners have left their hostels on the mines as requested by the NUM.

Anglo American, the largest of the mining houses, said there was no change to the strike at its mines. Mr Peter Gush, the head of Anglo's gold division, denied union allegations that policemen dressed as mine security officers attempted to close one of the hostels at Anglo's Vaal Reefs mine and tried to force the men to work at gunpoint.

Anglo is the worst affected of the mining houses, with about 100,000 men on strike.

Men at the Rietspruit colliery, jointly owned by Rand Mines and Shell, struck yesterday after rejecting a 15 per cent wage increase offered by management.

Mr Allen Cook, the deputy chairman of Rand Mines' coal division, was surprised by the Rietspruit strike as union negotiators had accepted an identical offer at the group's Duvha colliery in June.

Although Duvha had granted what appeared to be a comparatively low wage increase, it had also guaranteed that black miners' wages would be lifted to a level which would permit the men to obtain mortgages to buy their own homes. This was widely seen as a significant shift away from the paternalism which pervades black employment in the mining industry.

Strikes paralyse car industry in S Korea

BY RICHARD GOURLAY IN SEOUL

THE SOUTH KOREAN cabinet met in special session yesterday as the wave of industrial unrest which has paralysed large sections of the economy spread further.

With the country's showcase car industry now almost halted, ministers reiterated their warnings that police would intervene if the strikes became violent. They urged management and workers to resolve the disputes together.

However, despite a sharp increase in the number of companies affected, the ministers went no further than Tuesday's warning by Mr Lee Hun-ki, the Labour Minister, that the Government might intervene if the country's economic performance is further threatened.

Opposition leaders have joined the ruling Democratic Justice Party in calling for moderation from management and unions so that the country's eco-

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Bundesbank chief Karl Otto Poehl: set for elder statesman status, Page 2

KEEPING A CALM EYE ON FINANCIAL HORIZONS

Eurofighter cost sparks opposition in Bonn

BY PETER BRUCE IN BONN

WEST GERMAN participation in the multinational effort to build a European fighter airfract (EFA) for the 1990s has run into stiff and unexpected opposition from the leader of the Bonn Parliament's powerful *budget* committee.

Mr Rudi Walther said yesterday that the DM 19.11bn (£6.45bn) currently planned as West Germany's contribution to the EFA project was "*unfinaneable.*"

He urged the Defence Ministry *to look for alternatives to* the aircraft, which West Germany *is to build with Britain,* Italy and Spain, and to the PAH 2 anti-tank *helicopter* which Bonn is trying to build with the French. *A modern* fighter for the '90s was necessary, Mr Walther conceded, but an arcriaft like the US F-18 could be built under licence for far less money.

Mr Walther, a member of the opposition Social Democratic Party (SPD), attacked the Defence Ministry for making "exaggerated" demands on taxpayers and said ministry spending plans were based on figures that were simply made up in order to fit the weapons it wanted.

"I am convinced they have enough money," he said, and "as far as the defence budget is concerned (the figures) are a pack of lies."

The cabinet has already passed a draft defence budget of DM 51.6bn for next year, and although the government parties have a majority in the budget committee, Mr Walther's outburst yesterday will not be taken lightly. The committee has the power, even if a broad budget figure is passed, *to freeze* specific funds and is already holding on to *DM 137m earmarked for* the West German role in the EFA *definition phase this year.*

The Defence Ministry said *yesterday* it had *already spent* DM 680m on the definition phase this year and *that* sharp increases in estimates for the fighter *were* justiable. France had pulled out of the project last year, making the project much more expensive for the remaining EFA partners, a Defence Ministry official said. West German value added tax had also risen from 7 per cent to 14 per cent. It was impossible to say how much the aircraft would have cost by the time they come into service in 1997, he said.

Both the budget and defence committees in the Bundestag were given new spending schedules by the ministry at the end of June and are to meet next month. *The ministry will* be pressing at least for the release of the *frozen DM 137m.*

Mr Walther was also very *critical of the troubled Franco-*German effort to buld a family *of helicopters* based on the PAH 2. Development costs on the West German side had risen from DM 900m in 1984 to DM 1.2bn last year. He blamed the rise on an expensive new vesion system the French were trying to introduce to the project although similar equipment already existed in the US.

Although Mr Walther appears to have signalled the start of a major political battle over funds for some defence projects, Government officials hope they will be able to outmanouvre him by appealing to the conservative majority on his committee.

Amato: promise of firm economic management

Amato calms Milan bourse fears

By John Wyles in Rome

THE SMACK of firm government in the management *of economic* policy was promised yesterday by Italy's *new Finance Minister, Mr* Giuliano Amato, in a bid to quell *uncertainties which* have pushed the stock market into a deep dive *over the* past nine days.

*In a veritable blitz of inter*views before departing on *holiday, Mr Amato broke the* silence he has maintained on economic policy *since* the Government was sworn in at the end of July to deny the need for any emergency measures.

Although he withheld any detail of the Government's thinking on the 1988 budget to be unveiled in the autumn, his soothing words helped to turn the Milan stock market around yesterday. After seven consecutive daily declines, the exchange index recovered a healthy 2.44 per cent, although brokers still fear that the short-term outlook remains weak.

Against a background of *growing speculation that* the Government might be forced *to introduce new controls on* bank lending to help curb *domestic demand, Mr Amato* said he would not pin his faith *on any single instrument.*

The immediate priority was *to stabilise interest rates on* government notes and bonds, said Mr Amato.

The 1988 budget would have to address the need to cut the public sector deficit and to offer stable economic prospects. "We must produce proposals capable of changing the climate," he added.

Admitting, that Italy was going through a "difficult phase," the Finance Minister was non-committal on the possibility of raising indirect taxes, warning that any new inflationary pressures must be avoided.

While his opinion that the stock market fall "is no bad thing" because it was overvalued has plenty of supporters in the market, Mr Amato's future direction of the economy remains a source of intense curiosity and concern.

As a *Socialist* former law professor and one of the closest collaborators of his party's leader, Mr Bettino Craxi, there are some doubts as to whether he will actively *seek the tax increases and* economies on welfare spend*ing which many analysts* believe are vital to reduce *the public sector deficit.*

The Socialists are committed *to maintaining* and increasing the growth rate in *an attempt to reduce unem*ployment. But with domestic demand *sucking* in *rising* quantities of imports, bank loans jeopardising monetary targets and signs that inflation may be *about to start* rising again, the Government is being urged by *some* economists to dampen down domestic demand.

Hungary plans free market in shares of joint stock company

BY LESLIE COLITT

EASTERN EUROPE'S first joint stock company since 1948 with freely marketable shares is to be formed in October at a shareholders' meeting in Hungary.

A joint stock company named Gallakarbon is "in the process of being set up," according to a spokesman for the Budapest Credit and Development Bank. The transport concern will be established by the bank and Tatabanya Coal Mines under *regulations authorising* joint stock companies to issue shares *which may be freely bought* and sold. However, no more than a *quarter of the share capital may* be held by private citizens.

The bank spokesman recommended the joint stock formula to "every" newly established company. He noted that it could "most accurately" gauge the efficiency of a company. If a company was unable to pay suitable dividends, he said, shareholders would "sell their shares." But, *if it* paid "good dividends" and wished to expand, *then it* had only to issue new shares.

The transport concern *is* at present a subsidiary of the loss-*making coal mines,* which originally wanted to sell it. Now, *however, the new shareholders* hope to realise a profit in the first financial year.

Although some *joint* stock companies existed in name after the Communist takeover in Eastern Europe, shares were issued in the name of the owner and could be *sold* only if other shareholders agreed.

The new joint stock company in Hungary is being set up in advance of an expected companies law in 1989, which will make share *ownership legal. It* could also lead to the creation of a fledgling *stock* exchange 40 years after the old Budapest *bourse was closed down.*

Big rise in N-tests this year

THE Soviet Union yesterday carried out an underground nuclear explosion "in the interests of the national economy," the official Tass news agency said, Reuter reports from Moscow.

Tass said the blast, conducted in the Siberian region of Yakutia, had a yield of up to 20 kilotons—within the limits of the 1974 US-Soviet Threshold Test Ban Treaty.

The blast came as Swedish *scientists reported* that the number of nuclear tests worldwide increased *sharply* in the first seven months of this year compared with the same period of 1986.

Mr Nils-Olov Bergkvist, spokesman for the Swedish *Defence Research* Institute, said their seismic observatory at Hagfors had monitored 27 underground nuclear tests compared with only 12 in the same period of 1986. He said the reason for the sharp increase was the resumption of testing by the Soviet Union this year after an 18-month unilateral moratorium.

Moscow has carried out 12 of the tests at three underground testing sites in the Soviet Union, while the United States conducted nine tests and Britain one at the US test range in Nevada.

France accounted for four tests at its Mururoa Atoll test site in the South Pacific, and the remaining *explosion* was carried out *by* the Chinese at their Lop Nor test range.

The Tass description of yesterday's explosion indicated it was officially considered non-military in nature.

Business booms in Portugal

BY DIANA SMITH IN LISBON

PORTUGUESE businessmen are awaiting anxiously the new Social Democrat Government's programme in the expectation of sweeping reforms of the public sector, simplification of the tax system and further liberalisation of the financial markets.

Following yesterday's formal invitation by President Mario Soares to form a Government, Mr Anibal Cavaco Silva and his strongly technocratic team will be sworn in next Monday. They will rapidly present their programme to Parliament where the Social Democrats now hold 148 seats, compared with 88 previously.

A recent survey by the Portuguese Chamber of Commerce and Industry and the Portuguese Commercial Association has revealed the extent to which businessmen and industrialists have benefited from the economic pick-up which occurred during the first Cavaco Silva administration with considerable help from low oil prices and the cheap dollar, but also with judicious doses of liberalisation and investment promotion from the Government.

More than 70 per cent of those questioned between the end of June and middle of July reported strong sales increases in the first half of the year. Only 1.6 per cent reported drops in sales, compared with 16 per cent in the first six months of 1986. They predict a good second half on the whole: 64.5 per cent expect sales to continue to increase.

One of the most dramatic changes this year was in the number of entrepreneurs reporting that their companies were in good or reasonable *shape: 90.6 per cent,* compared with 73.5 per cent in 1983, the year *when austerity began to* bite.

With their improved situation, businessmen no longer report high bank lending rates as their main source of difficulty. Their principal worry is very strong competition—including external competition incurred by EC membership, followed by excessive bureaucracy, contraband and other aspects of the parallel economy.

Le Matin staves off bankruptcy

By George Graham in Paris

LE MATIN, France's leading left-wing daily newspaper, has won its battle to escape from bankruptcy.

The Paris commercial court yesterday confirmed the handover of Le Matin, which filed for bankruptcy three months ago, to a group led by ten of the newspaper's senior journalists.

The "Group of Ten" had managed to raise FFr 10m (£1m) in new capital, collecting contributions from readers and employees as well as bringing in outside investors.

The newspaper's plight has sparked an *unexpected wave of* sympathy in France. Besides *the loyal readers who sent in* cheques totalling FFr 2m, and *will have 20 per cent of the* capital of the new publishing company, *other newspapers* have sent messages of support *and have seconded staff to help* out.

Leading the band was Mr Jean-Francois Kahn, editor of the weekly magazine L'Evenement due Jeudi, who turned the issue into a campaign for press pluralism. His magazine has taken an 8 per cent stake in Le Matin, while he himself will chair the readers' association.

In adversity, Le Matin has thus rediscovered the spirit in which it was launched 10 years ago, when it sought individual shareholders to *set up a new* left-of-centre paper.

Ironically, the downturn in sales began when the Socialist party came to power in 1981, and the newspaper came to be seen as too much of a government mouthpiece.

But it has also won support from some unexpected quarters. Mr Jacques Chirac, Prime Minister since March last year and no friend of Le Matin's predominantly Socialist line, intervened personally in June to ensure early payment of FFr 2.2m of public subsidies which should have been paid this month.

Advertisers have also been supportive, chipping in with advance *payments* and increasing the allocation of their budgets to the newspaper.

Le Matin's difficulties are not yet over. The workforce has been cut from 158 to 90, but *the FFr 10m* capital now raised is seen as only a start. The *newspaper will try to raise* another FFr 5m from employees and *FFr 10m* more from the stock market in September or *October.*

The search for an editor-in-chief goes on, meanwhile. Le Matin still needs to restore its circulation, which had tumbled *from a peak of 178,000 copies a* day in 1981 to little more than half that number.

OECD foresees drop in steel production

BY GEORGE GRAHAM IN PARIS

STAGNANT CONSUMPTION will lead to a further drop *in* steel production this year, the Organisation for Economic Cooperation and Development has *warned in its latest* steel market report. World raw steel output *this year will fall by 0.3 per* cent to 712.2m tonnes, after a *0.7 per cent drop in 1986, says* the Paris-based organisation.

The fall in production will be sharpest in the Western industrial countries which form the OECD's membership. Steel consumption in the area dropped by 3 per cent last year and *is* expected to *decline* a further 3 per cent in 1987, the *report says.*

OECD raw steel output fell 6.3 per cent last year and will drop again by 3.5 per cent in 1987 to reach 330.4m tonnes, as a result of the poor *economic outlook* for the major steel-using industries and *of the long-term reduction of* the intensity with which steel *is used in sectors such as* construction or car manufac*ture.*

The decline will be sharpest in the US, Canada and Japan, while some western European countries are expected to show an increase in steel output, says the OECD.

Steel production capacity has been reduced sharply, but the *position still looks precarious,* the report says. After cuts of *13m tonnes of annual* production capacity in 1986 and a *further 16m tonnes* expected to be cut this year, OECD steel*works are still producing only* 67 per cent of their potential, *compared with 83.5 per cent* a decade ago.

Between 1974 and 1986 the OECD steel industry cut a total of 847,000 jobs, slimming its workforce to 57 per cent of its previous size. Last year alone, 56,000 steel jobs were cut. The heaviest reductions in 1986 came in France, which shed 11 per cent of its steel workforce. Between 1974 and 1986 France cut 54 per cent of its steel industry jobs, compared with 22.5 per cent for Japan, an average of 48 per cent for the 10 member European Community, 58 per cent for the US and 71 per cent for the UK.

West Berlin calls for talks on end to border shootings

BY OUR BERLIN CORRESPONDENT

WEST BERLIN *politicians* yesterday called for talks in Bonn *next month with East* Germany's visiting leader, Mr Erich Honecker, *to include an* end to the shooting by East German border *guards at* escapees.

The appeal came on *the eve* of today's anniversary of the building of the Berlin Wall in 1961. Mr Alfred Dregger, head of the Christian Democrats in Parliament, and Mr Eberhard Diepgen, Governing Mayor of West Berlin, also urged that the Wall be removed.

A recently escaped East German border guard said eariler this week in West Berlin that East Germany had suspended its orders to shoot at escapees before and during the visits in the past three months of prominent world leaders to *Berlin.*

Mr Jens Bernhardt, a border *guard who escaped to West* Berlin in full uniform on July 28, *said standing orders to fire* at escapees were suspended for *about 25 days in the past three* months. West Berlin officials *said they were aware that East* Germany had also done this in the past. They *speculated that* East Berlin would probably *again suspend* the orders to shoot in the weeks before Mr *Honecker's arrival in Bonn* on September 7 for a five-day visit to West Germany.

Mr Bernhardt, however, explicitly warned East Germans at a news conference not to attempt escapes in the next few weeks.

"The distance between guards will be reduced from 100 metres to 50," he said.

Soviets set to sell more oil to West, say analysts

THE SOVIET Union has increased oil production and looks ready to *sell near record levels of crude and* petroleum products to the West this year to help meet foreign exchange needs, say Western oil analysts, Reuter reports from London.

"Output (in the Soviet Union) is rising and technical problems are *being overcome," says* Ms Irene Himona of Hoare Govett, London *stockbrokers. "Oil exports are up* and they could increase further."

Provisional statistics from the International Energy Agency (IEA) show that Soviet crude and oil products sales to the West in the first-quarter of this year were 16m *tonnes against 11.2m in the same* period last year and 18.9m in the *peak year of 1984. The Soviet Union* is the world's biggest oil and gas producer.

Growth in Western sales mirrored similar gains in output, which according to official Soviet figures, was 1 per cent over target at 259m tonnes in the first five months of 1987.

The official output target of 617m tonnes in 1987 and 635m by 1990 is *feasible, London-based analysts* Petroleum Economics Ltd (PEL) say *in a recent report on Soviet energy.*

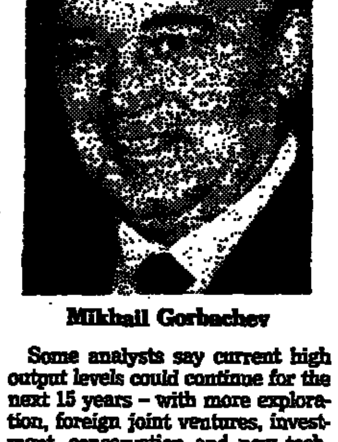
Some analysts say that, if the Soviet Union keeps up the momentum in output and sales for the rest of this year, exports to the West could bounce back to – or *even* top – the 1984 peak.

A foreign currency drive to *offset* collapsed oil prices a year ago help*ed 1986 sales of crude and oil* products to Western markets rise in line with output to more than 78m tonnes – the highest since the 1984 high of 81.2m, the IEA says.

Despite last year's oil price crash when a barrel dipped as low $9, the Soviet Union still managed to boost exploration and production. Oil remains the Communist *superpower's* biggest single source of foreign exchange.

But a 15 per cent rise in oil exports only partly offset a *30* per cent fall in the value of Western sales because of the low prices, PEL says.

Analysts were *divided* about whether the Soviet Union could *maintain high production* and exports in the longer term.



Mikhail Gorbachev

Some analysts say current high output levels could continue for the next 15 years – with more exploration, foreign joint ventures, investment, conservation and new technology and infrastructure.

*But others predict output and ex*ports would fall after 10 years because of high output costs and higher domestic consumption.

They say Moscow may not be able to replace old facilities – and *even new, sophisticated equipment* would not provide enough lead time to offset declines in older fields.

Mr Jonathan Stern, of the Joint Energy programme at the Royal Institute of International Affairs in London, says crude output might rise one year and fall another.

He expects it to drop to 600m tonnes in 1990 and between 450m and 500m tonnes by the end of the century.

Oil and products sales to Organisation of Economic Co-operation and Development countries would fall by almost half to around 40m tonnes by the mid-1990s and to around 25m by the year 2000, he says.

Much also depended on the emphasis the new *Soviet* leadership places on conserving energy, enlisting foreign technology and expertise in joint ventures and replacing oil with gas for domestic and export needs, analysts say.

Future development plans also depended on whether *oil prices stay* firm and stable.

Bofors chiefs face probe over bribe claim

BY SARA WEBB, STOCKHOLM CORRESPONDENT

THREE SENIOR managers at Bofors, the scandal-hit Swedish arms manufacturer, are to be investigated *for* allegedly *taking* bribes in connection with illegal sales of weapons to the Middle East.

The investigation *follows last month's decision by the Singapore* authorities to charge Tan Kok Cheng, the former general manager of Allied Ordnance Company of Singapore (AOS), with accepting US$1.2m in bribes from Bofors. Bofors has a 40 per cent stake in AOS, while the Singapore Government controls the other 60 per cent.

Tan Kok Cheng named three senior managers at Bofors, whom he claims took a cut of the bribes between 1984 and 1986. His claims have led *to further expansion and* reorganisation of the investigations *into Bofors.*

The company is already the subject of several *illegal* weapons and bribery investigations in Sweden, and the volume of work entailed in preparing various prosecutions has increased dramatically since the company first came under scrutiny in 1985. The dates for the separate indictments and trials have been repeatedly postponed.

Mr Stig Age, prosecutor who originally took on the Bofors investiga*tions and who has been working on* them single-handedly, announced *this week that work on the separate* cases would have to be reorganised to speed up the process.

Mr Age intends to continue with work on the illegal export of explosives and gunpowder, in which two people (one of them a marketing manager at Bofors's sister company, Nobel Krut) have already been charged.

Mr Folke Ljungwall, director of regional public prosecution authorities, has been brought in to investigate *whether employees at Bofors* paid bribes to AOS staff or received *them. He will also investigate* whether they played a part in the forgery of end-user certificates which allowed Bofors to export weapons to countries in the Middle East via Singapore, violating Sweden's strict weapons export regulations.

Poehl heads for elder statesman status with a hint of a swagger

Andrew Fisher meets the unflappable head of West Germany's Bundesbank whose position was recently confirmed for a second eight-year term

"YES," asserts Karl Otto *Poehl, the head of* West Germany's Bundesbank, "it has been fun."

The stocky 57-year-old *central bank president* was ensconced in a black leather arm*chair in his elegantly furnished* Frankfurt office, talking animatedly about *his* first eight years in office.

Having just been confirmed for another eight, which will give him *far* longer in office than his three predecessors in its 30-year history, Mr Poehl is set for elder statesman statuts in the 1990s. Yet his manner still seems more youthful than senior, with what looks like a touch of the mischievous in his expression.

Since taking up the top job in the bank's slab-like headquarters, there have been plenty of tests of his unflappability. Currency markets, for example, have gone through serious upsets, notably with the lurches of the dollar.

Nor has there been any shortage of domestic problems. The German economy turned sour at the start of the decade and Mr Poehl won a bitter policy clash over the need to tighten credit policy with the *centre-left government of* Chancellor Helmut Schmidt which *appointed* him. Along the way there was also a bank failure—Schroeder, *Muenchmeyer,* Hengst (SMH), which had made bad *industrial loans—and* Mr Poehl helped arrange the rescue.

He has come through without *showing the scars. With a touch* of the showman and a keen eye for publicity, the pragmatic Mr Poehl is anything but a dour numbers man. Tanned and relaxed, he displays an ease and assuredness on the world financial stage that could, at times, almost be mistaken for a swagger.

"There has been a lot happening," he says of his presidency. Apart from currency gyrations and domestic policy conflicts, there have been the Bundesbank's own moves to open up Germany more as a financial centre by stripping away the remaining curbs on capital market innovation and foreign participation. "Yes, it's been a very interesting time."

Mr Poehl, born in Hanover and an economics graduate of *Goettingen University,* whose previous career went from *economic journalism to state* secretary at the Finance Min*istry in Bonn,* is not looking for too much excitement in the future, however. He welcomes the relative quietness on foreign exchange markets. While some experts see it as possibly the *eye of the storm,* Mr Poehl believes the lull in the market *may be the prelude to* a period of extended calm.

As *a central banker in a* country which virtually worships stability, *the latter would* clearly be preferable. He has seen enough currency gyrations in the last few years, notably inspired by past US policies which sent the dollar first up and then back down in a giddy [illegible] which tested central bankers' patience and foreign exchange dealers' nerves.

[illegible] he seems fairly confident that foreign exchange markets will remain peaceful now the dollar has stopped falling against the D-mark and shown remarkable firmness in recent weeks. Lately it has stayed above DM 1.88, helped by the Gulf crisis, having been under DM 1.80 earlier this year. The Bundesbank has even intervened to sell dollars. Two and a half years ago, the US currency soared above DM 3.40.

He is, understanably, not prepared to crystal gaze into the *future.* But Mr Poehl, a member of the moderately left Social Democrats (SPD), *now* in opposition, reckons "the out*look is such that we can expect* or hope for greater stability in *exchange rates.*"

US efforts to reduce its *deficits, coupled with the suc*cess of February's Louvre accord *in Paris between lead*ing Western industrial nations on stabilising currencies, have helped remove the jitters from currency markets, he feels. "Today, there is a general conviction that the fluctuations of *the last seven years,* especially while I have been in office, were *out of line* with (economic) fundamentals."

Like Mr Gerhard Stoltenberg, the Finance Minister in Bonn, with whom he has a close partnership, he is gratified at how the Paris agreement has so far worked. "It's amazing and pleasing that since the Louvre agreement, we have had a very stable dollar/D-mark rate. Since May, this has been virtually without intervention."

He *adds:* "It's been a big success and has improved the *outlook* for the *German* economy. Because of this and *the decisive defence of the rate* by central banks, markets' expectations have changed." Higher US interest rates have also helped reverse the *inflow* into strong currencies like the D-mark.

Poehl: a touch of the showman

But the German economy is sluggish and demands, notably from the US, for more action in Bonn and Frankfurt to stimulate growth are unlikely to die away in Mr Poehl's second period of office. Latest production and jobless figures have been disappointing.

So the relationship with the US will remain crucial. While *Mr Poehl, a keen golfer, is set* for eight more years, Mr Paul Volcker, *head of the US Federal* Reserve Board, is now stepping down to make way *for* Mr Alan Greenspan, a newcomer to the world of central banking. It remains to be seen how Mr Poehl will get on with him.

Apart from its effect on the German currency and the nerves of German exporters, gyrations in the dollar also produce strains in the European Monetary System, the eight-nation exchange rate mechanism. Mr Poehl is a firm believer in the EMS, especially its role as a promoter of more convergence in the economic policies of its members.

"At the start of the 1980s, there were bigger differences in inflation and bigger economic imbalances than today. *Now,* there is more agreement on *economic policy goals.*" Countries like France — "the classic *example*" in *Mr Poehl's* view—Denmark and Belgium have found it easier to implement tougher economic policies within the disciplines imposed by being in the EMS, under which currencies may move up to 2.25 per cent either side of a central rates.

Still, Mr Poehl feels that the EMS is lacking something, namely the membership of Britain, which has so far stayed out because Prime Minister Mrs Margaret Thatcher is reluctant to give up too much potential *control over monetary policy.*

The Bundesbank president has often made clear he would like to see Britain in the system. "I respect Britain's decision to stay out. But it is *a deficiency for the EMS* that such an important country does *not see itself in a* position to join."

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Blast kills Indian officers in Sri Lanka

By Mervyn de Silva in Colombo

TWO OFFICERS of the Indian peacekeeping force in northern Sri Lanka were killed yesterday. Major Dalip Singh and Mukkundan Rao, a junior officer, died while clearing mines near the old Dutch fort in Jaffna, the main Sri Lankan army camp in the north, now used by the Indian troops.

They are the first casualties suffered by the 6,000-strong Indian force in Sri Lanka to supervise the ceasefire and the surrender of arms by Tamil separatist rebels. Two other soldiers were seriously injured and are in the Jaffna hospital.

An Indian official said that Mr V. Balakumar, leader of Eros, the second largest separatist guerrilla group, returned from India yesterday to take charge of the surrender of arms by his group in the Eastern Province. The delay in weapons surrender by Eros has discouraged two other rebel groups, the official said. Things should move faster now, he said.

Meanwhile, the United States is ready to offer Sri Lanka "logistical support" to deal with the law and order situation in the south of the country, a State Department official has said. Ms Patricia Byrne, who works with Gen Vernon Walters at the US mission at the UN, left Colombo yesterday after talks at the Foreign Ministry.

Gen Walters visited Sri Lanka as President Reagan's special envoy soon after the July 1983 anti-Tamil riots. He paid a second visit in 1985 and had talks with President Jaywardene and Mr Lalith Athulathmudali, the National Security Minister. The Foreign Office here said that the State Department may have been reacting to remarks made by Mr Jayawardene in an interview he gave the New York Times last week.

Mr Jayawardene had spoken of Washington's "lukewarm support," adding that he had been only offered "spare parts." The President also observed that the US did nothing without consulting India. The US Embassy did not deny that the US had "informed India" that Washington was considering a "positive response" to the Sri Lankan request. An oppoistion MP said that the "US may find it easier to help the Government [illegible] now that President Jayewardene is fighting what he calls southern Sinhalese terrorists."

Iran will retain initiative despite minesweeper boost

BY ANDREW MARSHALL

THE ARRIVAL of British, French, and US mine countermeasure vessels will give a considerable boost to minesweeping capacity in the Gulf, but the Iranians will retain the initiative, defence analysts said yesterday.

Britain, France and the US have dispatched a total of 12 mine counter-measure (MCM) vessels to the region, with a detachment of US MH-53e minesweeping helicopters.

At present, the US is having to improvise. Snipers, crouched on the bows of ships, take out floating mines with rifles. Yesterday, the US was reported to have converted a chartered offshore supply vessel for mine detection. There have also been unconfirmed reports that Saudi minesweepers have assisted in mine clearance for the convoy which reached Kuwait yesterday.

The French MCM vessels will take an estimated two weeks to arrive from Toulon, and the UK vessels have a five-week journey ahead of them from Rosyth. In the interim, the US will have to make do.

When the vessels arrive, the situation will improve considerably. The UK announced on Tuesday that it was sending four Hunt-class mine countermeasure vessels from Rosyth, and France that it would bolster its naval presence with two Dompaire class vessels, converted to mine-hunters in 1979. These are both considerably more sophisticated than the US vessels, which are wooden hulled minesweepers

The French and British vessels are the most modern of their kind. Mine-hunters rather than minesweepers, they seek mines using sonar and mini-submersibles before detonating them with 100 kg explosive charges. But ironically, this new technology will not be particularly useful in dealing with the old-fashioned moored mines which the Iranians have used. It is designed for use against much more sophisticated Soviet systems. "It's more reassuring than useful at this stage," said Mr Don Kerr at the International Institute of Strategic Studies in London.

Instead, they will fall back on conventional minesweeping technology. The vessels tow two paravanes—partially submerged hydrofoils—which direct any mines they encounter towards an explosive cutter. The mines then float to the surface, where they are detonated by gunfire.

It is as yet uncertain exactly how the different forces will co-ordinate their roles. The UK has said that its MCM vessels in the Gulf will accompany and protect the Armilla patrol, and will operate only as far north as Bahrain. The main reason for their despatch is the discovery of mines in the previously secure Gulf of Oman. The UK is likely to be extremely wary of participating in the international minesweeping force which the US has proposed, and France is likely to be of the same opinion.

The onus for protecting convoys further north than Bahrain will thus continue to be on the American vessels. Analysts suggest they will clear narrow lanes up the Gulf, preceding tankers, and protected by other US naval vessels. MCM vessels are extremely vulnerable to attack by either speed boats or aircraft.

Analysts pointed out that the US role will continue to be essentially reactive. As quickly as they clear a channel, the Iranians can reseed it

None of the navies is particularly suited for the tasks that it must now carry out. "They were designed for World War Two, and they've been thrown into a pre World War One situation." said Don Kerr.

Norwegians look to tanker safety

By Karen Fossli in Oslo

NORWAY'S Shipowner's Association is to submit proposals to the Government in an effort to strengthen information, analysis and security of Norwegian tankers operating in the troubled Gulf region.

An Association spokesman said that 15 to 20 Norwegian flag vessels are in and out of the area each week and that these vessels represent about 15 to 20 per cent of the Gulf's total traffic.

Norway's Foreign Ministry is also thinking of strengthening its representation in the region, a ministry spokesman said. Eleven days ago the ministry sent a representative to the area to assist Norwegian residents, vessels and seamen. Dubai and the Emirates have been suggested as possible locations for a new embassy.

It currently has embassies in Tehran, Baghdad, Kuwait and Rihyad.

The Defence Ministry, however, has denied rumours that it was considering sending Norwegian minesweepers to the area to support the British and French effort. It said that it had not been formally approached by the US for support in the area.

Norway's minesweeping capacity is "rather limited" said the spokesman. It's fleet is comprised of 30-year-old vessels but a new concept is under development which comprises a technological mix of two designs.

A tanker, the Texaco Caribbean, chartered to a Norwegian company, was hit recently after loading up with oil from Iran's Larak Island terminal.

WAR RISK RATE FOR GULF OF OMAN

Hard choice for underwriters

BY NICK BUNKER, INSURANCE CORRESPONDENT

TUESDAY'S DECISION by marine underwriters at Lloyd's of London to charge a special "war risk" premium rate for the scores of ships which lie at anchor in the Gulf of Oman was a tentative move in response to an unprecedented development.

It is important, however, because Lloyd's and the London insurance company market still carry perhaps 90 per cent of Gulf war risks business, though much of it comes via reinsurance of foreign insurers, rather than direct to London.

When the supertanker Texaco Caribbean hit a mine off Fujairah on Monday, amid reported sightings of three more mines nearby, the 10 or so Lloyd's syndicates which lead the hull war risks market had to move. This was the first time that mines had been spotted outside the Straits of Hormuz.

"The underwriters were in a difficult position," said one London insurance broker. "They could be accused of being alarmist, but on the other hand there could be more losses."

In fact, the decision to apply a special war risk premium of 0.125 per cent of a ship's insured hull value still leaves the cost of insurance in the Gulf of Oman far below those for parts of the Gulf.

Vessels sailing north to Kharg Island pay 5 per cent or 6 per cent of the hull value — equivalent to a premium of about $500,000 for a 260,000-ton ship.

This is still far less than the 30 per cent premium that could be charged for the virtually uninsurable voyage to Bandar Khomeini, at the head of the Gulf.

The informal means by which Lloyd's underwriters decide hull war risks — by conversation with each other in their boxes in the market's underwriting Room — means that the 0.125 per cent rate could be adjusted at very short notice. Further increases for the Gulf of Oman or the Gulf itself are not being ruled out.

Premium rates for marine cargoes are a different matter. Here, London rates are fixed by the War Risks Rating Committee. It has not called a meeting arising from the Texaco Caribbean incident, largely because most of the ships at anchor around Fujairah are only carrying ballast.

Cargo underwriters are thought to be satisfied with their recent decision to double to 0.375 per cent the war rate for ships calling at Kuwaiti ports.

Two factors could keep hull and cargo rates relatively stable. First, there is worldwide over-capacity among marine insurers, and prices are falling for business other than war risks.

Second, underwriters tend to feel that hull war risks business is potentially profitable. This may be mistaken however. One leading Lloyd's underwriter, Mr Stephen Merret, largely pulled out of hull war business late last year because he believed rates were too low.

Increases in hull rates also affect shipowners' costs in several ways. For instance, some British and overseas shipowners agree to gear their seamen's bonus payments to the London market insurance rates.

Iran criticises UN resolution

IN ITS first detailed response to the UN Security Council's ceasefire order, Iran has neither accepted nor rejected the resolution while offering to co-operate with the Secretary General in his mediation effort, Our UN Correspondent reports.

The UN chief, Mr Javier Perez de Cuellar, received the Iranian document late on Tuesday from Iran's chief delegate, Mr Said Rajaie Kherassani, who told reporters afterwards that his country still considers the Council to be biased

He accused the Iraqis of violating the July 20 resolution which he called "more or less an Iraqi draft"

Iran's memorandum to the UN sharply criticised the resolution, which, it said, was formulated by the US "with the explicit intention of intervention in the Persian Gulf and the region."

If the US and the countries backing Iraq harboured the illusion that they could end the war in its favour through "an unjust and partial resolution," they had better review past history. the memorandum said.

Italy seeks WEU meeting to cover its discomfort

BY JOHN WYLES IN ROME

THE ITALIAN Government is seeking a special meeting of the Western European Union on the Gulf crisis in a move to ease its political discomfort at the despatch to the area of British and French minesweepers.

With West Germany neutralised by the domestic restrictions on the use of its armed forces outside the Nato area, Italy is now the only major US ally in Europe not contributing anything to enhancing the safety of navigation in the Gulf.

This fact has been driven home in a number of newspaper editorials which, while not clamouring for action, imply that the Government ought to be doing something. The recourse to the WEU, therefore, was presented by ministers yesterday as a potentially useful attempt at co-ordination between the European partners which did not rule out the possibility of Italian participation in some kind of multilateral action in aid of shipping through the Gulf.

A spokesman for the foreign ministry said yesterday that the Dutch Government, which currently occupies the WEU presidency, was sympathetic to the Italian initiative.

After a Cabinet meeting discussion on the crisis, Mr Valerio Zanone, the Defence Minister, said that since there had been a change in the British and French positions, there was an urgent need for European co-operation either through the WEU or some other forum.

Mr Zanone also stressed that Italian minesweepers stationed at La Spezia could be in the Gulf within a month and that support ships were available for their protection. This was something of a correction for Mr Giulio Andreotti, the architect of Italian policy, who had earlier publicly doubted whether escort ships could be provided.

For the moment, all five parties in the coalition government are behind the Andreotti line, although Mr Zanone's Republicans are the strongest in favour of finding a multilateral cover for Italian involvement. Mr Andreotti is avoiding any unilateral military commitment

Sharon in Lebanon row

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL's three-year trauma in Lebanon has returned to the centre of the political stage, reviving a bitter internal controversy over its origins and goals.

Slowly healing wounds from the 1982-85 conflict were reopened this week when Mr Ariel Sharon, the former Defence Minister widely viewed as the war's architect, spoke out in his own defence for the first time—shifting responsibility onto his colleagues from both major parties.

Now Trade and Industry Minister in the coalition government, Mr Sharon retains unconcealed ambitions to lead the country, despite being forced to hand over the defence portfolio during the war.

Mr Sharon's salf-justificatory speech of Monday night, at a Tel Aviv University conference, has caused uproar. It prompted an immediate call yesterday from Mr Shimon Peres, the Foreign Minister, for a state inquiry into the war. As Prime Minister, the Labour leader had presided over the Israeli army's withdrawal from Lebanon.

Insisting that the only goal of the June 1982 invasion of Lebanon had been "to uproot the terrorist infrastructure" of the Palestine Liberation Organisation, Mr Sharon denied charges — made at the time and subsequently — that his real intention had been to reshape the Lebanese political map more to Israel's liking.

Gemayel seeks help to revive Lebanon's links with Syria

PRESIDENT Amin Gemayel of Lebanon is seeking help from Arab and European leaders to try revive ties with Syria, sources said yesterday, Reuter reports from Beirut.

"Gemayel needs at least the tacit support of (Syrian) President Al-Assad if he is to form a government capable of ending Lebanon's civil war," one analyst said.

Mr Rafic Hariri, a Lebanese-born Saudi businessman, and Mr Franz Joseph Strauss, the Bavarian leader, had been approached for their assistance, the sources said.

Mr Strauss was believed to have close personal ties with Syria, while Mr Hariri had considerable influence among Saudi Arabian officials, they said.

President Gemayel, a Maronite Christian at odds with Damascus since he rejected a Syrian-brokered peace plan in January 1986, now sought President Hafez Assad's help in trying to restructure the Lebanese Government, the sources added.

"Gemayel wants a new cabinet following the assassination last June of (Sunni Moslem) Prime Minister Rashid Karami and the death (last week) of Finance Minister Camille Chamoun," said one source in Christian east Beirut.

The present Cabinet, torn by sectarian and ideological disputes, has little impact on a country riven by civil war and sliced into competing fiefdoms run by heavily armed bands.

Syria is a major influence in Lebanese affairs, with about 25,000 troops in mainly Moslem west Beirut as well as the north and east of the country.

Damascus has championed the rights of majority Moslems and repeatedly urged reforms to a political system which has traditionally favoured minority Christians.

Syria has said it was placing on hold all political talks on reconciliation in Lebanon pending a decision by Mr Gemayel and the Lebanese Army to punish Mr Karami's assassins.

An army sergeant has been arrested in Lebanon while another Lebanese, an army deserter, has been detained and questioned by Swedish authorities following the Karami murder.

No official request for the extradition of the deserter, identified as 25-year-old Elie Sleibi, has been made. He has been remanded in Swedish custody until further notice.

Mr Karami was a close Syrian ally, while Mr Chamoun strongly opposed both Syrian and Palestinian influence in the country and played a key role as one of Mr Gemayel's staunchest allies.

"The need for reconcilation is ever more apparent in view of the economic crisis," one source said.

The Lebanese pound has lost more than 60 per cent of its value this year and inflation has risen by about 200 per cent.

AMERICAN NEWS

Argentine strikes raise tension over reforms

By Tim Coone in Buenos Aires

A WAVE of strikes has hit the Argentine public sector, disrupting rail, air and hospital services, paralysing the universities and threatening gas supplies.

The strikes — over pay — come amid debate over reforms to repressive labour laws, mostly passed during military rule from 1976 to 1983.

The strikes have further angered industrialists who have mounted a concerted campaign to prevent the labour reforms. Government fearing a rupture in the cabinet if the reforms fail, is caught in the crossfire between trade union and industrial leaders.

The legislative package will return control of welfare funds to the unions and give greater powers and protection to union representatives in the workplace.

Approval of the package is seen as crucial for the maintenance of an alliance of a group of important unions, known as "the group of 15," with the Government, and which control the Labour Ministry following the appointment of Mr Carlos Alderete from their ranks, to head the ministry last April.

If, under pressure from the industrialists, the package is postponed or substantially modified, advisers close to Mr Alderete say that he may feel obliged to resign and seek a reunification of the trade union movement against the Government's economic policies.

A further complication is over the timing of a return to free collective bargaining to replace government wage controls. Mr Alderete and the General Confederation of Workers agreed that this would occur during August, but resistance from the economy ministry has further irritated the unions

The recent announcement of last month's inflation figures of 10.1 per cent has further alarmed union leaders and hardened their position

A major concern now is whether the strikes will spread to the private sector. The key metal workers' union, generally considered as the "marker" for agreements on wages throughout the economy is claiming a 20 per cent rise for falls in real wages over the past six months, and further adjustments according to the inflation rate in the coming months.

Brazil may take action to curb money supply

BY IVO DAWNAY IN SAO PAULO

THE BRAZILIAN Government is expected to take emergency action today to squeeze the money supply amid fears that excessive liquidity in the economy threatens to boost demand at a time when the freeze on prices is about to end.

Measures due to be considered by the National Monetary Council include raising the 35 per cent "compulsory loan" that commercial banks must deposit with the Central Bank.

According to private banking circles, the authorities need to remove some Cruzados 90bn ($2bn) from circulation over the coming few months to cool down the economy.

Interest rates that have moved from record highs to record lows in a matter of weeks are also expected to be lifted.

Analysts have attributed the rapid rise in the money supply to measures taken by the Government to refinance sectors of the economy, crippled by heavy debt servicing burdens.

These included special financing valued at some C60bn to lower interst rates for small- and medium-sized companies, farmers, and state and municipal governments.

In particular, Brasilia is determined not to repeat the error of last January when the so-called Cruzado Plan price freeze was lifted at a time when demand and consumer liquidity was excessively high.

Despite an official inflation figure of 3.05 per cent for July, down from a record 26 per cent in June when the new freeze was introduced, a Sao Paulo economic research body has estimated the increase in the cost of living in the country at 9.27 per cent.

Unemployment is also strongly up.

According to Fiesp, the Sao Paulo industrialists' federation, unemployment rose 40,000 in July alone.

The Government announced yesterday that a special Cz250 monthly "bonus" intended to compensate workers for salary losses incurred by the national wage freeze will only be optional for federal, state, and municipal administrations.

Many state governments in Brazil have wages bills which exceed their monthly receipts.

Verity's open-market approach

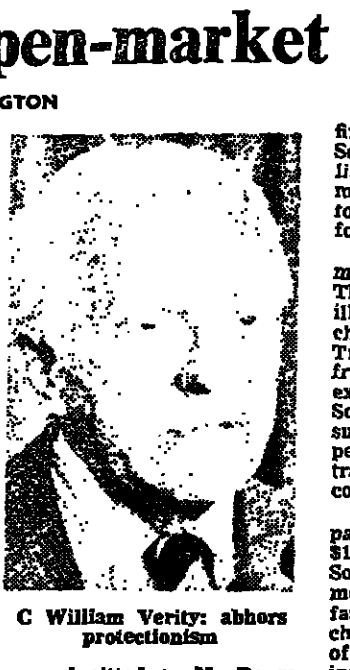
BY LIONEL BARBER IN WASHINGTON

MR. C. WILLIAM VERITY, President Ronald Reagan's choice as the Commerce Secretary, is a leading industrialist with a strong internationalist streak to his character.

He made his name in the US steel industry, not always a breeding ground for internationally-minded corporate executives. As former chairman and preisdent of Armco, the fifth largest private steel concern in the US, Mr Verity, a native of Ohio, stands out as something of a maverick.

In style and temperament, Mr Verity, resembles the man he has been chosen to replace, Mr Malcolm Baldridge, the quietly spoken former chief executive of a New England brass manufacturing company who served as Commerce Secretary from the day President Reagan took office in 1981.

It was Mr Baldridge's death in a freak rodeo accident two weeks ago which caused the job to fall vacant with 17 months left of the Reagan presidency. Mr Verity leapfrogged several strong contenders — including Mr Bruce Smart, the Under-Secretary for International Trade—because he was very much the President's own choice. It is staid that his name was not included among nominees submitted to Mr Reagan last week.



C William Verity: abhors protectionism

But Mr Reagan, remembering Mr Verity as an effective leader of a 1931 Presidential task force cutting red-tape on business, replied: "I have a name which I'd like to put on the list."

If the President feels comfortable with Mr Verity, it is equally important the movers and shakers in the US Congress think the same way. Few problems are expected with his confirmation process in the US Senate. The larger question lies in the sweeping Trade Bill moving into its final stage before going to the White House for the President's approval.

Mr Verity is an open markets man who abhors protectionism. This attitude was graphically illustrated during his stint as chairman of the US-USSR Trade and Economic Council from 1979 to 1984. He sought to expand trade ties with the Soviet Union and to dissuade successive administrations from penalising US companies via trade sanctions on Communist countries, such as Poland.

He once said that US companies were losing at least $10bn a year in sales to the Soviet Union because of government restrictions. In similar fashion, Mr Verity — a former chairman of the US Chamber of Commerce — lobbied Washington to lift the fetters on business imposed by a wide range of federal rules

He is unlikely to have much sympathy with Pentagon efforts —already blunted by the departure of Mr Richard Perle, a brilliant bureaucratic in-fighter while assistant secretary of defence—to impose even tighter export controls on technology though he backs limits on sale of sensitive technology to the Soviet bloc.

FBI sting snares 44 New York officials

By James Buchan in New York

RESIDENTS OF New York, who have never much rated their chances of meeting an honest city official, may have to give up hope on state servants as well as after a spectacular "sting" mounted by the Federal Bureau of Investigation.

Forty-four low-grade municipal officials were arrested on Tuesday charged with taking bribes

Fourteen suppliers of steel and other road equipment were also arrested along with 10 officials from neighbouring New Jersey.

Mr Rudolph Giuliani, the campaigning US Attorney who has become nationally known for his prosecution of city bosses, Brooklyn mobsters and Wall Street insider traders, said the case showed that corruption extended well beyond New York City.

"On 106 occasions, bribes were offered or discussed," Mr Giuliani said. "On 105 of those occasions, the public official involved accepted the bribe. And on the other occasion, he turned it down because he didn't think the amount was enough."

Row expected over Salt 2

By Lionel Barber in Washington

SOVIET deployment of the mobile SS24 inter-continental ballistic missiles is expected to be a source of controversy when the US Congress considers legislation requiring US compliance with the Salt 2 treaty next month.

Conservatives, led by Senator Jesse Helms, ranking Republican on the Senate Foreign Relations Committee, argue that the SS24s breach Salt 2 provisions.

President Ronald Reagan's decision last year to scrap the Salt treaty – never ratified by the US Senate – should therefore stand.

Last week, Senator Helms revealed the Soviet deployment on the floor of the US Senate. US officials later said that the Soviets had dismantled enough of the SS17 missiles to stay within treaty limits, but their silos had not been destroyed – which made Senator Helms technically correct in his assertions.

Anarchy threatens elections as tide of violence rises in Haiti

BY CANUTE JAMES

HAITI'S ABILITY to stage historic national elections in three months is increasingly in doubt. Demonstrations, killings and military attacks on civilians are propelling the country deeper and deeper into chaos as it attempts a return to democracy after the fall of the 30-year Duvalier dictatorship.

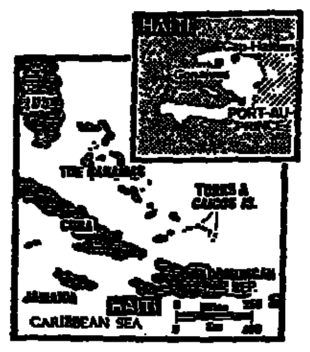
The latest victim of the violence, and the most prominent, was Mr Louis Athis, a social democrat who planned to contest the presidential election. He and two colleagues were murdered last week when a group of armed men accused them of being communists, hacked them with machetes, doused them with petrol and set fire to their bodies.

About 40 people have been killed by soldiers and policemen in the past five weeks. On several occasions soldiers have opened fire on protestors clamouring for the resignation of the military-led interim government which has ruled the country since Duvalier's departure in February last year.

"This is a clear effort to prevent our move towards democracy," suggested Mr Jean-Claude Bajeux, one of the interim government's strongest opponents. "The government is not interested in free elections."

The army's actions have taken the steam out of the protests, as support for strikes and demonstrations has waned, but the country is still subject to sporadic outbreaks of violence.

"There is no obvious centre to the chaos, no-one seems in control and the country is marching not so slowly towards institutionalised anarchy," said one diplomat in Port au Prince, the capital. "It appears that groups of soldiers, under the command of officers determined to thwart all efforts to change to democracy, are responsible for most of the trouble. This country right now is ungovernable."



"The country is out of control," contended Mr Guy Dibert, a Port au Prince businessman. "Under the dictatorship we were stifled, and the Tonton Macoutes killed Duvalier's opponents. Now no one is in control and Haitians are killing Haitians. Haiti is lost."

Outbreaks of violence

The protests and the violence are rooted in widespread impatience among Haiti's impoverished 6m people. They expected changes overnight when the Duvalier dictatorship fell.

This was compounded by the insistence of the interim government, led by Lt-Gen Henri Namphy, an appointing to key positions unpopular figures connected with the dictatorship. The government also issued a decree stripping an independent electoral committee of its powers to supervise the elections — a decree it has since been forced to withdraw — and demanded that protests and demonstrations be held only with government approval.

Political leaders, many of them hoping for success in the promised elections, appear powerless in controlling those they thought were their supporters. Many doubt that the ill-equipped army will be able to maintain order.

It is now clear that there will be no early end to the turbulence of the past two years, a prospect which is causing concern in Washington. But many Haitians see the excesses of the interim government, and the actions of the army, as being possible only with US support.

Mr Yves Comeau, an organiser of many of the recent protests, argues that in backing the interim administration, Washington is making the same mistake it committed in supporting the Duvalier.

The Reagan Administration is this year increasing its aid to Haiti to $106m, with just under $2m in military assistance. But this is predicated on the holding of the presidential elections in November and the eventual handover to an elected leader.

Mr Richard Holwill, the US Deputy Assistant Secretary of State for Interamerican Affairs, said last week that Washington wanted ". . . to make it clear to everyone in Haiti that the bipartisan suport for aid to Haiti that now exists in the US Government depends on absolute respect for the democratic transition."

Signs of growing unease

There are signs of growing unease in Washington with the deteriorating situation in Haiti, but there is no clear alternative to the current administration until the elections are held. Suggestions from some political leaders for an interim civilian administration were quickly proven to be unworkable because of rows among prospective participants. Intensifying social disorder, increasing doubts about the election and the poor chances of any elected leader keeping control promise little change in the parlous economic condition of Haiti, the poorest country in the Americas.

The growing state of anarchy has been exacerbated by the shadowy but persistent rump of the Tonton Macoutes, the militia established by the Duvalier dynasty but disbanded by the interim government. Former members are thought to be behind much of the unrest, including an incident which led to the massacre of at least 100 people late last month in the town of Jean Rabel.

"The country is out of control," contended Mr Guy Dibert, a Port au Prince businessman. "Under the dictatorship we were stifled, and the Tonton Macoutes killed Duvalier's opponents. Now no one is in control and Haitians are killing Haitians. Haiti is lost."

WORLD TRADE NEWS

Belgium awards country-wide phone contract

BY WILLIAM DAWKINS IN BRUSSELS

THE BELGIAN Government yesterday finalised its long-awaited contract to renew the country's creaking telephone network.

The bulk of the complex five-year project will be divided between Bell, the Antwerp-based subsidiary of Alcatel—the European telecommunications group; the local subsidiary of Philips; ACEC, the Charleroi based telecommunications equipment maker; and Atea-Siemens, a joint venture between the German group and the Belgian telephone line producer.

RTT was unable to give an overall figure for the contract's value since many of the prices have yet to be decided. The largest single component, the renewal of digital exchanges, will be worth BFr 4.8bn (£77m) over the next three years.

The main part of the work consists of renewing 1.5m telephone lines, which will be carried out at a fixed price of BFr 16,000 per line for the first three years, rather than the BFr 19,000 which the bidders had been offering.

While the contractors chosen — the four main telecommunications companies based in Belgium — came as no surprise, the Government succeeded in beating them down on the price. However, it offered the participants extra cash for research and development.

They are being compensated with a research budget worth BFr 1.4bn annually over the next five years, of which BFr 100,000 per year is to be set aside for small and medium sized enterprises. Bell said yesterday this was simply a way of removing research costs for the project from the published price.

Bell will be eligible for 48 per cent of the research budget, with 19 per cent going to Siemens, 17 per cent to Philips and the remaining 16 per cent to ACEC. That will leave Bell BFr 624m a year to spend on research over the next five years.

Bell is to get the major part of the first three years' work—renewing 200,000 lines per year —with the remainder, 100,000 lines annually, going to Atea-Siemens. They will only be guaranteed 10 per cent of their initial telephone line allocation for each of the remaining two years, with the rest to be put out for open tender between the two groups and Philips.

Also included in the contract is a BFr 740m project to develop base stations for mobile telephones to go to ACEC, and BFr 800m over five years for Philips to renew the network's transmissions systems.

Airbus sales quadruple to 223 aircraft in 1987

AIRCRAFT sales by the European Airbus consortium, which the US has accused of benefiting unfairly from government subsidies, quadrupled to 223 in the first six months of this year from 63 in the first half of 1986, Reuter reports from Paris.

Airbus said the sharp rise reflected a flood of orders for the new A330 and A340 medium and long-range aircraft, which Airbus officially launched in June and which it is planning to bring into service from 1992.

Airbus received a total of 47 new firm orders for the existing A310 and A300 wide-bodied jets and 46 orders for the A320 short to medium-haul plane, which made its maiden flight in February and which will enter service next year.

This brings the total number of Airbus aircraft sold to date to 310 A300s, 152 A310s and 287 A320s. In addition, the compan yhas a total of 130 orders and options for the A330/340 programme.

The launch of the A330/340 project completes Airbus' family of aircraft, and brings it into direct competition with US aerospace giants Boeing and McDonnell Douglas Corp for the multi-billion dollar world airline fleet rnewal anticipated over the next 15 years.

Third World praised by IMF for liberalisation

By Nancy Dunne

DEVELOPING countries pursued a course of trade liberalisation last year, while advances made by the industrial nations were offset by the number of restrictive measures put in place, according to a report by the International Monetary Fund.

Despite protectionist pressures and a slight weakening of global production growth, world trade volume grew 5 per cent in 1986 compared with 3 per cent in the preceding year, the IMF said in its Annual Report on Exchange Arrangements and Exchange Restrictions, 1987.

Under prodding by the IMF, third world countries moved away from quantitative exchange and trade controls. "Many developing countries thus adopted, programmes of exchange and trade reform coupled with greater exchange rate flexibility, including floating exchange rates in some cases," the report said.

At the same time, a number of other developing countries narrowed the range of imports subject to controls and reduced taxes on broad ranges of goods.

It was a different story in the industrial countries where the number of "voluntary" export restraints continued to proliferate last year, mainly in the EC and the US. Japan was hardest hit by the new restrictions, particularly its steel products and car sectors.

"Tariff policy adjustments by the industrial countries were more encouraging but less significant," the IMF said. The European Community implemented the remaining tariff reductions pledged under the Tokyo Round of multilateral trade negotiations one year ahead of schedule, and both Japan and New Zealand reduced or eliminated tariffs on a number of products.

The EC and the US settled two important trade disputes last year but "strain in trade relations between various countries resulted in a growing number of investigations of unfair trading practices and by increased demands for compensation by domestic producers claiming to be injured by imports," the report said.

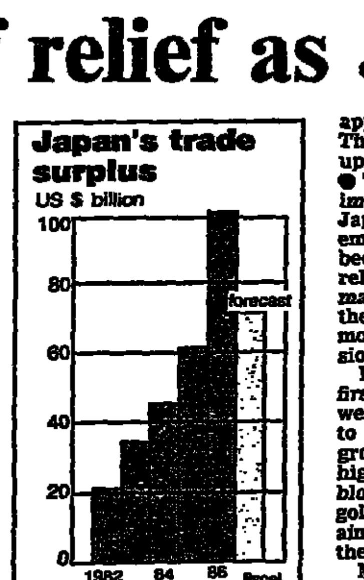
Ian Rodger reports on a downward trend which Tokyo hopes will ease outside pressures

Sigh of relief as Japan trade surplus falls

JAPANESE trade officials are breathing more easily now the country's trade surplus at last has begun to decline sharply. They are particularly pleased that it is happening mainly because of an increase in imports rather than a drop in exports.

The latest customs cleared figures for July, published early this week, showed a 15 per cent fall in the trade surplus compared with July, 1986, continuing the strong downward trend that began in May.

Ministry of International Trade and Industry (Miti) officials say cautiously that the overall trade surplus in the fiscal year to March 31 1988 could drop to $70bn, down 30 per cent from last year's record $101.4bn. One private sector economist is predicting an even sharper fall to $60bn.



This is a much more rapid decline than economists had expected. At the beginning of this year, most were forecasting that the fiscal 1987 trade surplus would ease to about $85bn, down only 15 per cent from the fiscal 1986 level.

If the latest forecasts prove acurate, then the intense pressure on Japan from its main trade partners to open its markets could begin to ease.

Among the key factors in the sudden change in the trade surplus trend are:

● Sharply rising oil prices. The country's mineral fuel import bill was up 85 per cent in the first six months of the year to $18.7bn. Mineral fuels alone account for more than a quarter of total imports.

● The stability of the yen. The so-called J-curve effect, which delays the impact of currency adjustments on trade figures, continued much longer than expected but the relative stability of the yen this year finally enabled it to wear off. Thus, the rise in export values is no longer so much out of line with the flat trend in export volumes, which has been apparent since late last year. The value of total exports was up only 5.4 per cent in July.

● The increase in manufactured imports—the factor on which Japanese officials put most emphasis. The Japanese have been sharply criticised for their reluctance to buy imported manufactured goods. However, the trends of the past few months indicate that this aversion is beginning to break down.

Manufactured imports in the first half of this calendar year were up 19.4 per cent in value to $29.5bn. However, the real growth rate was considerably higher. Last year's figures were bloated by $7bn of imports of gold by the Ministry of Finance, aimed in part at moderating the country's trade surplus.

Manufactured imports as a proportion of total imports have risen to 43.1 per cent in the first half of this year from 38.6 per cent in the same period of 1986.

Among manufactured imports, the highest growth has been in the automotive sector. Car imports were up 41 per cent in the first seven months of 1987 to 54,053 units and the Japan Automobile Importers Association has revised upward its sales projection for this year from 75,000 to 85,000 units.

In value terms, car imports are rising even more rapidly, up 84 per cent to $949m in the first six months of the year, reflecting the fact that West European luxury models such as BMW and Mercedes are the most popular imports.

The Japanese business community is strongly backing proposed legislation to tighten control over high-technology exports to Communist countries, the head of Japan's major business organisation said this week, AP reports from Tokyo.

The legislation was drafted after illegal sales of sophisticated milling machines to the Soviet Union by a subsidiary of Toshiba came to light. Business leaders hope to avert retaliation by the US Congress which proposes to punish Toshiba in trade legislation now under consideration.

Japanese car industry officials have made much of these figures and, in particular, the fact that imports now account for close to half the Tokyo area market for large cars (over 2 litres). But the overall share of foreign cars in the Japanese market is still miniscule—less than 3 per cent—compared to import shares in other industrialised countries.

However, there are signs that the trend is changing. The European Commission has recently been pressing the Japanese to remove the remaining non-tariff barriers to volume car imports and the Japanese have been responsive. Also, the sharp rise in the yen has begun to make middle range imports more competitive in Japan.

Mr David Bloom, marketing director of Austin Rover Japan, says: "The middle ground is coming closer together." ARJ has revised upwards its sales target for this year to 7,000 units, 2,000 more than it originally anticipated and more than double last year's sales in Japan. Its top seller is the Austin Mini, accounting for about half of unit sales.

The other big increases in manufactured goods are in the office machine and electronic sectors, reflecting in large part the restructuring of Japanese industry in the wake of the higher yen. Makers of electric and electronic goods in particular are importing more components and products from overseas plants.

Matsushita Electric, for example, imports radios from its factories in Singapore and Taiwan, window air conditioning machines from a factory in Malaysia and some semiconductors from Singapore.

This trend is likely to accelerate as companies seek to maintain their competitiveness in both the home and export markets. However, Japan still has a long go before its trade surplus ceases to be an irritant in its relations with most of its trading partners.

Gatt farm talks may lead to dual system

BY PETER UNGPHAKORN IN BANGKOK

GLOBAL TALKS on farm trade liberalisation could lead to a dual system with some countries opting for protection in return for an understanding not to create surpluses for export, according to the chairman of the agricultural negotiating group of the General Agreement on Tariffs and Trade.

Interviewed in Bangkok, Mr Aart de Zeeuw, said he expected Japan and Nordic countries such as Finland and Sweden to resist pressure from the US and other free trade advocates to reduce farm subsidies and import barriers.

He described the dual system as a possible outcome, adding that it might be unacceptable to the US. Japan and the Nordics might have to open up their markets more, he said, even if they wanted to retain some protection.

But he said he was confident that some agreement in principle could be reached by the end of next year because of commitments made at the recent meeting of the Organisation for Economic Co-operation and Development and at the Venice summit, and because "we cannot wait longer."

Mr de Zeeuw said the US proposals for eliminating subsidies linked to production within ten years was "very interesting" but unworkable. Nevertheless he welcomed it as a useful basis for negotiation.

Mr de Zeeuw, who is director general for international agricultural affairs at the Dutch agriculture ministry, is visiting New Zealand, Australia, Thailand and Japan for informal talks related to the GATT round.

GATT

Thailand, which has suffered from US rice subsidies, is one of 14 members of the Cairns Group of agricultural exporters, along with Australia, New Zealand, Canada, Hungary, Argentina and other Latin American and South East Asian countries.

The group was set up to lobby for agricultural liberalisation in the GATT round, but one of the issues members will have to resolve is how much protection developing countries should be allowed for their poorer farmers under new Gatt rules.

Mr de Zeeuw warned developing countries to "be careful. If you ask too much, you are stimulating others to ask too much," he said, referring to industrial countries that want to keep their farm trade barriers. But he recognised some need to protect poor farmers in the Third World.

Thailand has been one of the more active members of the Cairns group, with fewer reservations about exposing its domestic agriculture market. Mr de Zeeuw said this made Thailand well placed to act as a bridge between advocates of free trade and other developing countries.

Within the Cairns group, Malaysia, Indonesia and the Philippines are more concerned to maintain some protection for their poorer farmers.

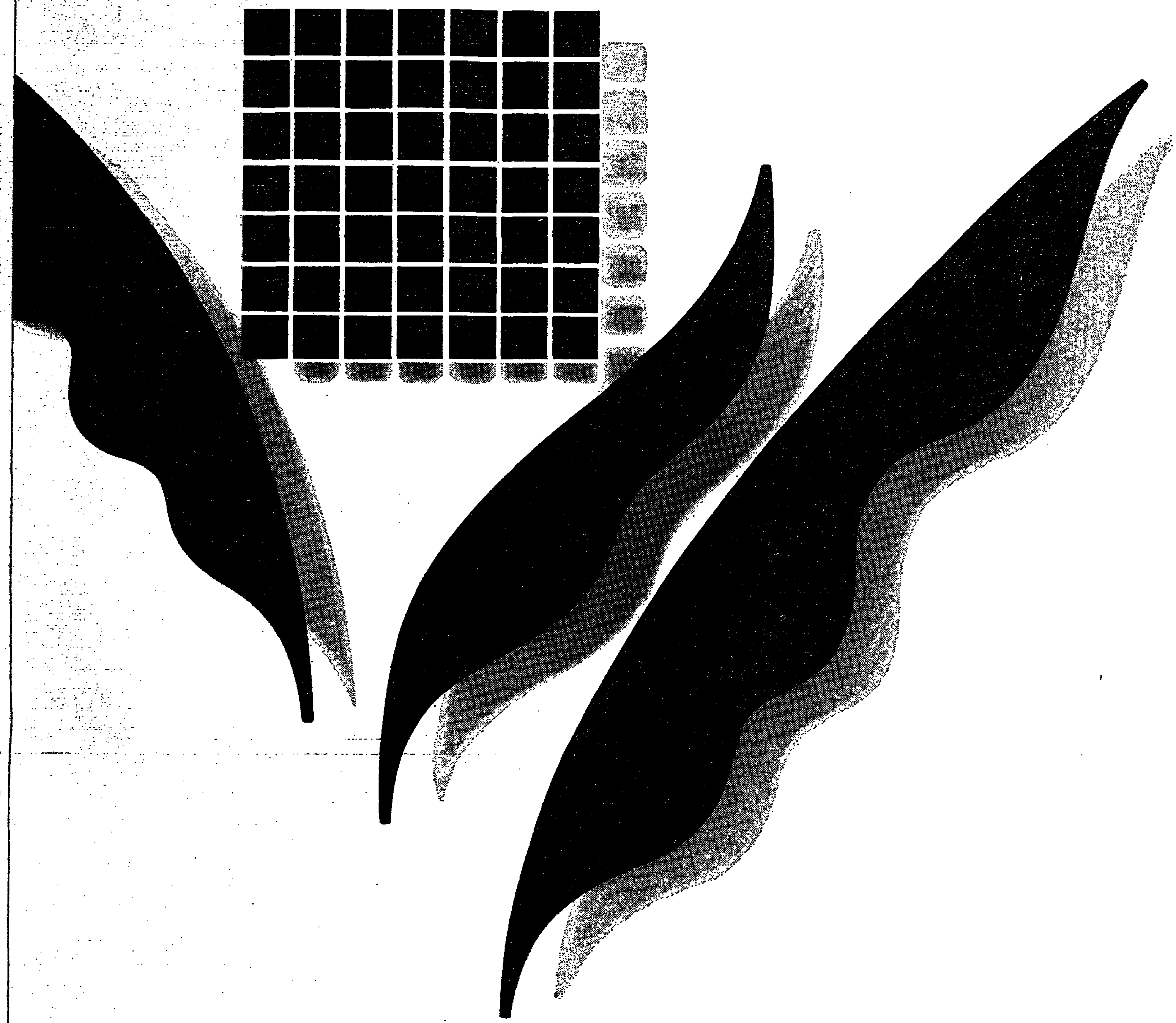
Five on illegal exports charge

FOUR West Germans and an Austrian have been arrested in Puerto Rico and charged with exporting advanced technology US products to Bulgaria, Cuba and North Korea, Reuter reports from Puerto Rico.

The indictment, was issued in Colorado and the case opened in San Juan on Tuesday. Federal Bureau of Investigation officials said the five were arrested on Sunday in an hotel room after being lured to Puerto Rico in a sting operation aimed at the illegal shipment of high technology items to communist nations.

The five are charged with exporting and attemping to export restricted items including photographic equipment, computer parts, and special ink used for engraving glass.

They face penalties of up to 10 years in prison and a $1m fine.



Ideas bring growth to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents.
In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world.
Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars.
The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company.
Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer.
The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more.
Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.
All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity.
Its theatre of operations is increasingly worldwide.
Ferruzzi Agricola Finanziaria will span five continents.
Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings.
Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance.
The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.

Ferruzzi
Agricola Finanziaria

BANK OF ENGLAND REPORTS

Profit margins highest since 1970s

BY RALPH ATKINS

FALLING OIL and commodity prices and large productivity gains in 1986 helped non-North Sea oil companies push profit margins to the highest level since the early 1970s.

However, the Bank of England, in an article published ahead of today's quarterly bulletin, gives a warning that investment expenditure remains subdued, and sits uneasily with stronger output growth.

It says both profits and output should continue to grow this year and with capacity *utilisation likely to rise further* there may be scope for even wider margins in the future.

The article calculates that by *the end of 1986*, productivity in the manufacturing sector was 6 per cent higher than the year before and 30 per cent higher than the previous cyclical peak in 1979.

"Coming as it did after five years of sustained output growth and a levelling-off of productivity during 1985, it suggests that the painful structural adjustments that occurred within the manufacturing sector following the cyclical downturn of 1979-80 may now be leading to a higher sustainable rate of productivity growth," says the Bank.

CHANGES IN MANUFACTURERS' OUTPUT PRICES %

	1980	1981	1982	1983	1984	1985	1986
Unit labour	14.5	5.9	3.1	0.1	2.0	2.7	2.6
Input costs	3.0	3.2	2.6	2.4	2.8	0.6	−2.9
Profit margins	−3.4	0.5	2.0	3.0	1.3	2.3	4.8
Output prices	14.1	9.6	7.7	5.5	6.1	5.6	4.5

This, together with buoyant demand and a weakening of cost pressures, as the cost of many internationally-traded raw material fell, helped push up profits growth without excessive jumps in manufacturing output prices.

In 1986 manufacturers' margins rose for the sixth consecutive year and have since widened to an extent not *experienced in previous cycles.*

In the past few years, the share of profits of all industrial and commercial companies in gross domestic product has gone beyond the peaks seen in previous cycles but in 1986 the impressive performance of manufacturing companies was not sufficient to offset a halving of profits in the North Sea sector and total company profits fell about 4 per cent.

The article says capital investment by companies increased by 6 per cent in value terms in 1986, but was little changed in volume terms. It says this weakness may be explained partly by the phasing out of capital allowances announced in the 1984 budget which led to a bunching of capital spending in 1985.

It argues that although some commentators claim capacity utilisation rates may be at levels reached in the 1973 peak, the current picture is more complicated. "What is clear, however, is that employed factor utilisation has been rising," it says.

The Bank reports that 1986 saw a high level of takeover activity with more than 400 acquisitions in each of the third and fourth quarters, the two highest quarterly totals since 1973.

This takeover activity was helped by the fact that since 1981 there has been a prolonged period of financial surpluses among industrial and commercial companies. Liquid assets rose £11.5bn in 1986.

The Bank also reports a marked increase in the use of capital issues. This was due to tax changes cutting the relative cost of equity, a buoyant stock market and a desire to turn away from bank borrowing to more marketable forms of debt.

Dividend payments also continued to grow strongly. The total amount paid out by industrial and commercial companies, excluding the recently privatised British Telecom, was £8bn in 1986 compared with £5.3bn in 1984.

The Bank says this surge is partly a delayed response to rising profits but the recent growth in the proportion of income paid out suggests it may be due more to companies' desire to signal likely future improvements in performance in order to encourage investor confidence in the capital markets.

New bank lending to companies rose by more than £5bn in 1986 but as a proportion of the stock of industrial and commercial company liabilities, it fell to less than 15 per cent — similar to its level in the mid-1970s.

Industrial and commercial companies were also more active in the euromarkets in 1986, with the fall in long-term interest rates in the second quarter producing a flurry of new issues.

Sterling depreciation offsets rising costs

BY JANET BUSH

STERLING'S depreciation since the early 1980s has more than offset a rise in the UK's costs *relative to those of its competitors*, according to the Bank.

Nevertheless, it says, the terms of trade in manufactured goods have remained broadly stable.

In an article released in advance of the quarterly *bulletin the Bank says that* behaviour of the terms of trade during the 1980s may point to a departure from previous experience, which raises questions about the evolution of exporters' margins.

The margins tended to move, as expected, in the opposite direction to that of the exchange rate. It the period from 1976 to 1981, when the terms of trade strengthened, margins *rose in the years 1976 to 1978* and then fell as the exchange rate appreciated.

In spite of this fall, export price competitiveness deteriorated, largely reflecting the *rapid deteioration in common* currency relative to unit labour costs.

In contrast, the years since 1981 *saw a substantial recovery* in margins.

While sterling fell faster between 1974 and 1978 than *between 1982 and 1986*, margins increased at a greater rate in the latter period. The Bank concludes that there must have *been a change in exporters'* pricing behaviour.

It says: "The opportunity provided by sterling's depreciation between 1982 and 1986 appears to have been used mainly to increase profit margins rather than improve *price competitiveness.*"

It adds that while a higher profit margin must imply worse price competitiveness than otherwise for a given level of costs, it need not necessarily imply a lower market share. The level of profitability will clearly influence the willingness of manufacturers to supply, it says.

The Bank tentatively concludes that increased improvement in margins relative to earlier periods indicates improved supply side responses by British industry.

In contrast, there appears to *have been little change in the* behaviour of margins on imports. Sterling's depreciation since 1981 does not seem to *have been accompanied by a* reduction in the margin on imports and the same was true of the period between 1974 and 1978. The Bank says this suggests domestic demand was likely to have been an important factor.

Overall, the exchange rate seems to have had more impact on British exporters' margins than on those of foreign suppliers.

The article also examines the argument that British manufacturers may have shifted into high value-added products, demand for which might be relatively insensitive to prices and *would therefore rise more* than proportionately with incomes. This so-called "trading-up" would tend to raise the average price of British manufactured goods.

The Bank says that the evidence for this is inconclusive and that rising terms of trade *in the period from 1978 to 1981* and stable terms of trade in 1981 to 1986 were more influenced by changes in price competitiveness rather than any shift by manufacturers in the kind of goods supplied.

'Industry profits growth to continue'

By Ralph Atkins

STRONG PROFITS growth in British manufacturing companies is set to continue, but a subdued trend in investment "sits uneasily" with rising capacity usage and strong output growth, *the Bank of England says today.*

Falling oil and commodity prices in 1986 helped boost the profit margins on non-North Sea oil companies to their highest level since *the 1970s, according to the study which is published* ahead of today's Quarterly Bulletin from the Bank.

The surge in profits, it says, is likely to continue, and with rates of capacity use likely to rise further there may be scope for even wider margins in the future.

However, in what appears to be a warning about the possibility of industry hitting capacity constraints, the Bank notes investment volume grew little in 1986 despite stronger output growth and higher rates of return.

It emphasises the difficulties of assessing the amount of capacity available. *Nevertheless,* the Bank warns that the use of existing capital and labour resources is rising – although capital expenditure looks set to rise in 1987.

In 1986 the gross trading profits of companies not involved in North Sea operations and net of stock appreciation increased for the fifth consecutive year. The real rate of return on capital of 8 per cent was the highest since 1973.

However, the profits of companies principally engaged in North Sea work fell by more than 50 per cent in 1986 and meant profits by all industrial and commercial companies dropped by 4 per cent.

Manufacturing margins are now wider than any experienced in recent cycles, but in other sectors, such as retailing, the behaviour of margins was less extreme.

Queensway furniture to make unexpected loss

BY LISA WOOD

SIR Philip Harris, chairman of Harris Queensway, shocked the City of London yesterday with the an*nouncement that his Queensway* furniture stores would make a loss this year and profits for his furniture-to-carpets group would tumble by as much as a quarter.

Harris Queensway's *share price dropped by 31p per share, to 165p,* knocking some £73m off the group's market capitalisation.

Less than two months ago Sir Philip told shareholders at the annual general meeting that he was "confident of a satisfactory result for the year." In the year to January 31 1987 Harris Queensway made a pre-tax profit of £43.4m excluding property profits.

However, Sir Philip disclosed yesterday that his board now estimated that pre-tax profits for the 53 weeks to January 31 1988 would be in the range of £32m to $38m; excluding property profits.

He said that a close scrutiny had been made into Queensway during the last 10 days. *In July Mr Peter* Carr, *joint chief executive* of Harris Queensway, with responsibility for Queensway stores, was asked to "relinquish his responsibilities" by Sir Philip after what the chairman described as a difference over man*agement style.*

Mr Carr had been heading a major re-furbishment of the Queensway stores. This included a move to edge-of-town stores, an improvement in the quality of the stores' *furnishing range and the introduc*tion of lighting, glassware and kitchen goods.

However, the new merchandise did not prove attractive to traditional Queensway customers, and *stock remained unsold. Some stock is now being marked down.*

Sir Philip said yesterday: "I hold myself responsible as chairman of Harris Queensway. Mr Carr was working for the group, but *I cannot hold him responsible.*"

*Mr Martin Watts, Harris Queensway's new group managing direc*tor who joined the group in June, said: "The basic strategic move – from discount shed to out-of-town furnishing show house – was right. But the implementation and timing was wrong."

He said Harris Queensway would not abandon its move to stock more fashionable furniture but said: "It is the balance of merchandise and way that is communicated to the consumer."

Sir Philip said: "We moved too quickly into small products, our controls were not there and we did not test the market enough."

He said that *this year Queensway's losses* would be anything from nought to £5m. Last year it is understood that Queensway made a pre-tax profit of around £10m on sales of £180m.

Miners code dispute closer to resolution

BY CHARLES LEADBEATER

THE PROSPECT of widespread *industrial action this autumn in the coal industry* receded yesterday after British Coal and the National Union of Mineworkers had taken the first steps towards resolving their bitter dispute over the corporation's *revised disciplinary code.*

Both Sir Robert Haslam, British Coal's chairman, and Mr Arthur Scargill, the NUM's president, appeared in conciliatory mood after lengthy talks in London.

Sir Robert said most of the union's concerns could be allayed by redrafting and modifying the code. Mr Scargill said the union would seek more talks with the corporation even if miners voted heavily in support of *industrial action over the code* in a ballot which ends on August 21. But he warned that failure to agree a fair procedure would lead to continuing anarchy in the industry.

*However, one centrist member of the union's national executive com*mittee, which attended the meeting, said it was unlikely the union would take industrial action in the light of the progress which had been made *towards resolving the dispute.*

The *dispute over the code*, which was introduced in March, sparked a week-long dispute in the Yorkshire coalfield last month. In the past two months the dispute has overshadowed discussions about plans to introduce *flexible working patterns,* which British Coal *says are vital to the future competitiveness* of the industry.

A settlement to the dispute over the code could mark a turning point for the industry as it could clear the way for talks over the corporation's *flexible working plans.*

Mr Scargill said the NUM's main objections to the code were that miners did not have the right to be accompanied to a disciplinary hearing by a union representative of *their choice; the procedure was too* complex and lengthy; and the revised code abolished the system of independent "pit umpires" as the final court of appeal on disciplinary issues. Other detailed criticisms in*cluded the code's provisions for dis*ciplinary action to be taken against miners for offences committed away from work.

Sir Robert said most of the differences were reconcilable, but there was a *difference of principle* over the abolition of the *pit umpire*. As a substitute, the revised code, for the first time, allows the union to support claims for unfair dismissal taken to an industrial tribunal.

The NUM wants the pit umpires reinstated as they could make binding recommendations, forcing British Coal to reinstate a unfairly dismissed miner, while the corporation does not have to follow an industrial tribunal's recommendation *in favour of reinstatement.*

Private acid-rain controls sought

By Maurice Samuelson

A £600m programme to cut acid rain fall-out from three of Britain's biggest coal-fired power stations may be privately financed even in advance of the *Government's plan* to privatise the electricity industry.

The Central Electricity Generating Board yesterday confirmed that it was looking at various ways of paying to remove *the sulphur emissions from coal power stations* which are blamed for causing widespread damage to buildings and the environment.

One method could be to allow the companies which make the sulphur-removing *gas-scrubbing installations in power stations* to own and operate them. The CEGB's conventional practice is to finance and own its own big investments.

The programme, which will involve major *structural extensions to* the power stations, is intended to meet widespread complaints, particularly from Europe, that Britain is dragging its feet in adopting international clean-air standards.

The first plant for flue gas desul*phurisation (FGD) is* expected to be built at the recently completed Drax power station in Yorkshire, northern England.

Although a number of different technologies are available, the Drax plant is expected to use the lime*stone-gypsum process, in* which large amounts of limestone neutralise the gas and leave behind even bigger volumes of gypsum, which can be used in making plasterboard.

The CEGB officially *wants the Drax plant to be running* by 1993, but this is now unlikely because of the possible need to face a prolonged local planning inquiry. Uncertainties surrounding the privatisation of the electricity industry *may also delay the project.*

The private finance scheme was apparently suggested by the Department of Energy shortly before the general election. When the electricity board sought government au*thorisation for the £600m investment,* it was urged to seek alternative sources of finance. The department's advice is believed to reflect Treasury resistance to authorising public money for something other than new generating capacity.

For operational reasons, the CEGB was sceptical that something which is effectively an integral part of the power station could be owned by a separate concern.

*It now says, however, it "would look very carefully" at an unconven*tional method of financing the FGD plants: "Our aim is simply to get it bolted on at least cost," said an electricity board spokesman.

Reactor shut after explosion

By Maurice Samuelson

ONE OF two reactors at the Trawsfynydd nuclear power station in Gwyned, North Wales, has been shut down following an electrical explosion in the *turbine* hall *early on Monday morning.*

This halves the output of the 400 Mw Magnox plant, which has been operating since 1965.

The Central Electricity Generating Board said there were no radiological implications and has set up a technical inquiry.

The *explosion occurred* after the failure of an oil circuit-breaker while a transformer was being taken out for routine *maintenance. This* caused the shut-down of one of the six gas circulators on each reactor.

Power supplies to the office block and canteen were also hit for a time.

It was Trawsfynydd's second accident in a fortnight. In the earlier incident. *100 gallons of radioactive oil and water* leaked on to a floor when a plastic bag blocked a drainage pipe.

Mr Dafydd Thomas, Plaid Cwmru MP for Merionydd Nant Conwy, who planned to visit the plant yesterday, said: "We cannot go on having incident after *incident*, however small, with the consequent loss of generating capacity."

Data General plans City boost

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

DATA GENERAL, the US minicomputer manufacturers, is expanding its software design facility in the UK as part of a *drive to develop its activities in* the banking and financial markets.

About 50 software specialists will be hired, adding to the group's UK staff of 600 and *doubling the company's involve*ment in this part of the computer market.

Further investment will be injected into the US design and *manufacture* of a range of workstation machines intended for City dealing rooms.

Data General first began to move seriously into computing for the financial sector three years ago with the development *of new products* in the run up to Big Bang. Its Hydra dealing room system has won several large orders and has been installed at Phillips and Drew, *the broking group.*

The financial sector, however, has *become one of the fastest*-growing and most competitive computer markets in the UK, demanding constant investment *in new products.*

Analysts expect a second wave of spending in the City to build up to a peak in about two years as dealing houses instal *more sophisticated* equipment to replace the ad hoc systems acquired in the rush before Big Bang last October.

The main part of Data *General's programme,* which will cost several million pounds, will go into making Hydra more flexible.

In addition, the group plans *to move into software to manage* back office automation, an area where the City has experienced great trouble recently with the failure of many broking firms *to handle paperwork efficiently.* The group will be collaborating in this field with Mocom, an Australian software specialist.

Finns invest in phone venture

BY DAVID THOMAS

NOKIA—MOBIRA, a Finnish group which is one of the world's leaders in mobile com*munications, is making its first* direct investment in the UK.

It is taking a 25 per cent stake in Shaye Communica*tions, a joint venture set* up to develop a new generation of cordless telephones codenamed CT2. The phones will differ *from the present analogue gen*eration in being able to handle many more calls in the same area.

Shaye, based in Winchester, Hampshire, is not alone in developing products for this market, which some observers be*lieve will lead to the use of* cordless telephones on a mass scale at work. A joint venture between British Telecom and STC is among the other interested groups.

Nokia-Mobira is the mobile communications subsidiary of Nokia, Finland's largest private company with profits of FM 675m (£94.8m) on sales of *FM 12bn last year.*

In the past decade Nokia has diversified rapidly into elec*tronic products including mobile* communications. It has sold many handsets into the flourishing UK cellular market but has *so far not made any direct in*vestment in the UK in mobile commmunications.

Mr Jorma Nieminen, Nokia-Mobira president, said the company was paying £2.5m for the 25 per cent stake in Shaye because *I believed in the poten*tial of advanced cordless telephones. They might cut into the market for cellular telephones *in future, he added.*

Mr Nieminen said his company would decide whether it wanted to manufacture the tele*phones or market them outside* the UK once the development phase was complete.

Mr Bill Jeffrey, Shaye's chief executive, said Nokia-Mobira's investment would help the company complete development of the cordless telephones towards the end of next year.

Shaye was talking to a number of companies including Timex, Philips and AB *Electronics,* about making the telephones in the UK. Other shareholders in Shaye are Timex, Sinclair Research and Fred Olsen.

Norfolk pulls out of union agreement

By John Gapper

NORFOLK CAPITAL, the expanding hotel group, is to withdraw from a recognition agree*ment with the GMB general union* in a fresh move towards de-unionisation within the hotel sector.

The group, which has made a series of rights issues to acquire hotels in the past year, claims *that union membership within its* workforce of 1,250 has declined to about 5 per cent from nearly 30 per cent 12 years ago.

In a development echoing the de-recognition of the *GMB hotel and catering workers' section* by the Reo Stakis hotel chain earlier this year, Norfolk Capital has told the union it is withdrawing from an agreement signed in 1975.

*Mr Stephen Ayres, group per*sonnel manager, said yesterday that no widespread changes in wages and conditions were planned but that a fall in union membership meant that the GMB *no longer represented staff* adequately.

He said: "This is just recognising what is happening within the company – it is realism. We will still be prepared to listen to the GMB, but they have *a slowly declining membership* and we want to talk to the whole of our staff."

The GMB's agreement with Norfolk Capital, which has just launched a £44m rights issue to buy the St James's Clubs from Mr Peter de Savary, covered negotiation of both pay and conditions, and disciplinary and grievance procedures.

The company intends to consult *with staff in future through* meetings called by supervisors within each hotel department. Mr Ayres said he would "continue to listen" to GMB representations on behalf of its members.

The company says staff will *continue to* receive entitlements agreed with the GMB since the recognition agreement was signed.

Norfolk Capital said it would consider any response made by the GMB before *the de-recognition date of October 1* but that it was unlikely any formal status would be given to the union from that date.

The GMB is still trying to stop Reo Stakis withdrawing *from its recognition agreement this autumn* although Stakis says it intends to negotiate with its 4,500 staff through consultative committees at each hotel in future.

The 1986 Wages Act, which eliminated national joint bargaining of hotel staff conditions through the sector's Wages Council, has led to a *push within hotel chains towards union de*-recognition.

Printworkers agree to demarcation inquiry

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the two main print unions have agreed to a formal investigation by the Trades Union Congress disputes committee into differences between them over the *new technology setting of advertisement copy in provincial newspapers.*

The move follows the refusal by Sogat '82, the largest print union, to accept the findings of a joint union *inquiry chaired by an independent academic.*

The issue has been referred to the TUC by the NGA, the craft print union, even though leaders of the union umbrella body hoped it could be settled without such a move. The *annual TUC Report, published later* this month, will simply say that the issue is unresolved.

The sharp difference between the unions, which are discussing a long-term merger, arose as a number of *provincial newspapers* reached agreement with Sogat to set advertising copy directly into computer setting machines.

The NGA said that such moves were being made without its agreement. Mr Norman Willis, the TUC general secretary, eventually suggested that the two unions should hold an inquiry to be chaired by Professor Sid Kessler, an experi*enced industrial relations academic* from the City University in London.

The inquiry produced a formula for settling the dispute which provided for an extension of trade *union membership* into often non-*union areas of printing, joint union* negotiations, an equal split of organisation and membership between the two unions, joint chapel (union office branch) organisation, and for the NGA *to retain under its aegis the inputting of the bulk of contrib*uted advertising copy.

In addition, neither union was to enter into further agreements with provincial newspapers while the issue was being considered by the unions.

The NGA *accepted the formula.* Sogat *did not, however,* and the NGA is accusing Sogat of continuing to reach new agreements with provincial newspapers on the direct setting of *advertising material.*

IBA to assess demand for closed-user data services

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority has decided to look at the possibility of launching data broadcasting services for closed-user groups, such as branches of retail *groups and banks.*

It has asked IFC Research, a marketing and market research consultancy, to assess the potential market.

The capacity for transmitting information, either on spare lines in the broadcast signal when the television network is not being used, or on direct *broadcasting by satellite*, is enormous.

Information can be transmitted at rates of five megabits a second when television transmitters are not *otherwise being* used and the satellite services to be offered by British Satellite Broadcasting could operate at data rates of up to 20 megabits a second.

Britain is already playing a leading role in the development of broadcast data services but under present broadcasting *legislation*, only subscription services available to the *public* can be provided.

Such openness prevents the technology being used to transmit commercially confidential information within companies but if *there is clear demand for* closed-user group teletext the IBA will ask the Government to amend legislation.

Apart from connecting company branches, possible uses for the service would include the *distribution of published* data and the transmission of images such as weather maps and newspaper photographs.

NatWest offers insurance against base-rate rises

BY HUGO DIXON

NATIONAL Westminster Bank yesterday launched an insurance product which allows corporate customers to put a ceiling on the interest rate they pay on overdrafts and other loans linked to base rates.

It is claimed this is the first time a British bank has offered such a facility. NatWest said it fitted its philosophy of being more flexible and innovative in devising products for the corporate sector.

The product is designed to allow customers to limit their interest payments in the event of a rise in base rates but still benefit from any falls. It is aimed at middle-market corporate customers with turnovers of up to £100m which are too small to arrange their own interest rate caps by going direct to wholesale financial markets.

In return for a quarterly premium, calculated according to the size of the loan, current volatility of interest rates and the level at which base rates are to be capped, NatWest will sell customers a base rate cap contract. If base rates then exceed the level at which they have been capped, NatWest will pay back to the customer the excess at the end of each quarterly period.

For example, given the present base rate of 10 per cent, customers who want protection against further base rate increases for a year on loans of £250,000 would pay quarterly premiums of £505.70 to cap the base rate at 10 per cent, £278.78 to cap it at 11 per cent and £226.92 to cap it at 12 per cent.

The pricing structure means that the base rate would have to average 11.5 per cent or more for the year for it to be worthwhile to cap it at 11 per cent.

NatWest's base rate cap contract has been packaged so that even companies which are not its customers can buy it. The contract would normally be linked to a particular overdraft facility but this would not be essential.

Contracts are available in multiples of £250,000 up to £10m, and can be bought for a period of one or two years.

NATIONAL Westminster, the largest mortgage lender among the clearing banks, is raising its mortgage rate from 10.5 per cent to 11.25 per cent immediately for new borrowers and on September 1 for existing borrowers.

This follows last week's 1 percentage point rise in base rates. Of the leading mortgage lenders, only Abbey National is lending at less than 11 per cent.

CBI welcomes poll tax move

BY RALPH ATKINS

THE GOVERNMENT'S decision not to give local authorities power to raise extra finance from business to top up income from community charges was given a qualified welcome by the Confederation of British Industry yesterday.

This follows the publication of a document announcing that the Government had dropped the idea of allowing authorities to levy an additional charge on companies equivalent to 5 per cent of the planned uniform business rate.

The scheme, proposed in a 1986 green paper on reform of the local government finance system, would have retained a link between industry and local government.

However, in a consultative document on the new system published last month, the Government said the sum raised in most areas would have been small but in authorities with many business properties it would have been so large as to distort the link between council spending and community charges.

Uniform business rates, which will be phased in in England and Wales alongside community charges over a four-year period from 1990, will be fixed centrally.

Last month the CBI withdrew its support for the Government's plans on uniform business rates after ministers refused to accept that the total paid to local government by business should be cut by 25 per cent.

However, it said yesterday that, although it supported the idea of local councils having some flexibility, it was desirable that the average rate paid by business be kept to a minimum.

Mr John Banham, CBI director-general, said: "At present, businesses are cross-subsidising local residents to the level of some £3bn a year. The CBI believes that what is needed is to eliminate the cross-subsidisation by business while retaining effective local accountability for locally raised taxes."

However, the Government's decision is a blow to several authorities. Mr David Weeks, deputy leader of Westminster Council, London, which could have raised an extra £30m a year, said it would have serious implications for inner-city authorities which provide services for commerce and tourism.

"It is going to be increasingly difficult to maintain spending for the benefit of commuters and tourists at the expense of residents. I am sure that it is in the interests of commerce and industry that councils have a direct stake in the business rate," he said.

BAe site to be redeveloped

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A £250m redevelopment scheme for the Weybridge, Surrey, factory and airfield of British Aerospace is to be undertaken by a joint company to be formed by BAe and Trafalgar Brookmount.

The latter, which in turn is jointly owned by Trafalgar House, with 80 per cent, and the remainder by Brookmount, already owns about 260 acres of the site, on the far side of the airfield from the factory. Trafalgar Brookmount bought the land in 1985 and an industrial estate is now established there.

BAe announced in July last year that it was closing the factory as a manufacturing centre and redeploying or making redundant about 2,750 workers.

At that time it said the factory had become outdated and would cost too much to re-equip, while the airfield had been disused for some time.

Under the plans now announced BAe will sell the 80 acres it still owns to the joint company. Trafalgar Brookmount's 260 acres will also be transferred to the joint company to "realise the full potential of their combined land holdings."

The redevelopment to be undertaken on the total site of about 340 acres will include business, residential, retail and warehousing facilities, with a completed value of about £250m.

BAe uses Weybridge as its military aircraft division headquarters and as supporting unit for staff not based at headquarters in the Strand, London. It will retain about 150,000 sq ft of offices in the development.

The Weybridge site is one of the most famous in British aviation, incorporating not only the Brooklands motor racing track but also the former Brooklands flying ground used by many pioneer aviators as far back as before the First World War.

The recently opened Brooklands Aviation Museum is located there, and will be retained within the proposed new developments.

Joint airline reservation system named

BY MICHAEL DONNE

THE JOINT computer reservation system being set up by British Airways, KLM of the Netherlands, United of the US and Swissair, will be called Galileo.

The announcement in London yesterday followed a meeting of the four founders, which have been joined by British Caledonian, Austrian Airlines and Alitalia of Italy.

The group is to spend $120m (£75m) developing software to link their systems into a single marketing tool for travel agents. It will cover flight and hotel bookings, car hire and other facilities.

Galileo will compete with Amadeus, a similar network being developed at a cost of $300m by Air France, Iberia of Spain, Lufthansa of West Germany, and Scandinavian Airlines System in Europe and the Texas Air conglomerate of the US, which includes Continental Airlines and Eastern Airlines.

● British Airways, which last week announced first quarter pre-tax profits of £90m, said yesterday that July revenue passenger-kilometre figures showed a 21 per cent increase over last year. Passenger numbers rose by 17 per cent and cargo tonne-kilometres flown rose by 14 per cent.

The overall load factor of the airline—the percentage of available payload actually sold—rose 9.5 points to 73.7 per cent.

Commons running costs 'likely to rise'

BY JOHN HUNT

THE COST of running the Commons is likely to rise from last year's £21.5m to £24.5m this year, according to the body responsible for its administration.

Last year a supplementary estimate of £579,000 was needed to cover a Civil Service pay settlement of more than 5 per cent, unforeseen payments for retirement allowances, increased telephone and postal charges and higher payments for late-night staff transport.

A report published yesterday indicates that the House of Commons Commission is worried about the extra cost of late-night transport, which it says does not appear to have been caused by more late sittings.

Heads of department have been asked for a detailed analysis of the reasons for the increase and told to review the night transport service.

This year's estimate includes provision for an extra 4 per cent to cover the pay and price movements during the year and £1.8m for computer services.

Chernobyl controllers 'hastened explosion'

By David Fishlock, Science Editor

EMERGENCY action by controllers at Chernobyl, trying to shut down their faulty reactor, accelerated events leading to the explosion at the Soviet Union plant last year.

This is the latest conclusion of UK and Canadian nuclear experts who have been studying the cause of the accident and its implications for their own reactor systems.

Dr John Gittus, director of the safety and reliability directorate of the UK Atomic Energy Authority, said yesterday that a new phrase—"positive scram"—had been coined for what happened at Chernobyl.

He said scram was nuclear jargon for an emergency shut-down and that a positive scram implied it had the opposite effect to that intended by the Chernobyl operators.

Dr Gittus explained that the emergency shut-down mechanism which drove neutron-absorbing rods into the reactor to quench the nuclear reaction simultaneously forced water out of the reactor.

British and Canadian scientists who had studied the events separately, agreed that the effect of expelling water was to increase the intensity of the nuclear reaction, at least in part of the reactor, at a rate greater than the quenching effect of the shut-down rods.

Last month a court jailed senior engineers responsible for the reactor at the time of the accident.

Dr Gittus said a positive scram was evidence of a fundamental design flaw in the Soviet RBMK reactor which was not evident in any western reactor, even those which had some features of the RBMK.

Reactor designs which had been scrutinised particularly carefully, because of some superficial similarities, included Britain's Magnox, Canada's Candu and the fast reactor.

Dr Gittus said there was substantial agreement between five national reports—from the UK, US, Canada, France and the Soviet Union—on the cause of the accident. All but the French study had recently been published.

He said the Soviet report confirmed that the first changes promised by Soviet leaders a year ago had already been made to their RBMK reactors. This was to ensure that control rods could not be removed completely from the reactor as happened at Chernobyl.

Another safety-related change would be the introduction of a richer fuel, but this was expected to take another 18 months.

Dr Gittus said these two measures were expected to increase the cost of power generated by RBMK reactors by about 20 per cent.

Building Society profits top £1bn for first time

By Hugo Dixon

BUILDING SOCIETIES last year made total post-tax profits of more than £1bn for the first time, according to figures released today by the Building Societies Association.

Post-tax profits were £1.03bn against £803m in 1985. Strong mortgage demand was the main reason for the rise.

As a result the societies were able to strengthen their financial position, with reserves as a proportion of assets growing from 4.07 per cent at the end of 1985 to 4.23 per cent at the end of last year. A strong capital base has become increasingly important since societies have been allowed to diversify into more risky businesses.

The number of societies fell from 167 to 151 last year. If the 1986 rate of decline is extrapolated there will be fewer than 100 societies 1990 and fewer than 50 in 1995.

Alice Rawsthorn looks at a convention in force since the 17th century

Wigs still the tops for legal heads

FROM THE powdered fops who minced through the Regency law courts to the lugubrious lawyers of Charles Dickens novels and the brittle young barristers of the novels of C. P. Snow, the wig has been part of legal life for hundreds of years.

Although the tiny industry of family businesses involved with wig making has been shaken from time to time by speculation that the legal wig is doomed, the barristers and judges of today wear wigs in styles designed more than 100 years ago, and in some cases buy them from wig makers which were in business then.

Earlier this week, those wig makers were again alarmed by reports that the Bar Council was considering proposals to waive the convention that barristers should wear wigs in court. The reports were unfounded. It is the judiciary through the Lord Chief Justice, not the Bar Council, which is empowered to decide whether or not wigs will be worn. The Bar Council is simply mulling over a more liberal form of wording for its guidelines on courtroom dress for barristers.

The wig industry dates back to the late 17th century when King Charles II returned from France to claim his throne. Lawyers, along with the rest of the gentry and would-be gentry of the day, followed the fashion he had adopted in exile of wearing wigs. After the turn of the 19th century, when wigs fell from favour, the legal profession continued with the practice.

The early wig makers tended to be individuals working from small rooms or cellars in the inns of court. Wigs were made of human hair or mohair and required regular dressing and powdering but in 1822 Mr Humphrey Ravenscroft, grandson of one of the oldest established wig makers, invented the first indestructible wig, the "forensic," made from horsehair.

Ashley Ashwood

An Ede & Ravenscroft employee puts the finishing touches to a long-bottom-style wig

Most of the original wig makers have disappeared but there is still a small industry.

Wig Creations, a theatrical wig maker based in London, makes legal wigs as a sideline, as does a company on the Isle of Wight.

The forensic is still made today. Ede & Ravenscroft, the business its inventor helped to build, has passed from family ownership into the hands of Mr Michael Middleton, a Cambridgeshire businessman, and dominates the world legal wig market.

One of the legacies of British imperialism was the export of the English legal system—and its wigs. Some countries have kicked against the traces. Legal wigs have disappeared in India, Canada, the West Indies and are no longer obligatory in Ghana but are still worn in many African states, parts of the Far East and Australasia. Almost 400 of the 1,000 legal wigs made by Ede & Ravenscroft each year are exported.

The wigs are made by hand in a small workroom at the back of the mahogany-lined premises in Chancery Lane, London, which the company has occupied since the 19th century. Nine people are employed in the workroom and there are almost 100 outworkers.

In Britain and abroad legal wigs still follow the styles designed by Mr Humphrey Ravenscroft and are made in the same way.

There is the Bar wig for barristers, the Bench for the judiciary and the long-bottomed style worn by judges and silks on ceremonial occasions. A barrister's wig from Ede & Ravenscroft costs £190, plus £48 for its black and gold metal case, while a judge would pay £700 for the long-bottomed style.

The wigs are made to last. A forensic should remain in good condition for at least 80 years and probably for 100. In legal families wigs are often handed down from generation to generation. For impecunious young barristers there is a flourishing market in second-hand wigs at the inns of court.

Ede and Ravenscroft recommends that wigs be cleaned every year or so but many barristers prefer to wear unkempt wigs as a testimony to their years of service. Lord Denning, former Master of the Rolls, was renowned for the shambolic state of his wig.

After so many years in the industry it seems wholly improbable to Ede and Ravenscroft that wigs will ever disappear. Mr Albert Batteson, who has worked for the company for 25 years, said: "Every so often this hoary old chestnut comes up but nothing ever changes. Barrister sare still wearing wigs and probably always will."

If legal wigs do fall from favour Ede and Ravenscroft would survive, just as it did when the clergy stopped wearing them in the last century. Robe making provides the bulk of the company's business, providing gowns for universities all over the world, ceremonial garb for local government officials, and robes for the royal family.

Crackdown sought on Japanese imports

BY JOHN HUNT

TOUGH MEASURES designed to stem a possible future increase of Japanese imports and open Japanese markets to the west are urged in a report published today.

Measures include a 19 per cent tariff on office and electronic consumer goods—which could be increased to 100 per cent in some cases.

The proposals are outlined in a Conservative Political Centre pamphlet by Mr James Moorhouse, Euro MP for London South and Surrey East, and Mr Anthony Teasdale, an economic and financial official of the EC Council of Ministers.

Mr Moorhouse is the European Parliament rapporteur on Community trade with the Pacific Basin—formerly with Japan itself—and Mr Teasdale a former research assistant to Mr Nigel Lawson, the Chancellor. The pamphlet represents their personal views.

Mr Moorhouse said yesterday that a 19 per cent tariff by the UK and other EC countries was an initial figure which could rise to 100 per cent in some cases if Japan did not mend its ways.

This might be necessary if protectionist measures in the US meant more Japanese goods being diverted to Europe.

He said: "I have come to a very pessimistic conclusion about the situation in the future. I do not see much prospect of increasing our exports to Japan unless we take a number of extraordinary steps.

"The time for the kid gloves approach to Japan trade is well and truly over."

He said he believed in as much free trade as possible, but the fact was that "Japan is the acme of the protectionist state."

Mr Teasdale said European governments had allowed the Japanese to pick off their industries one by one while responding on an ad hoc basis. What the pamphlet set out was a coherent European response.

It proposes concerted action, preferably with the US, to correct the "economically unsustainable and politically intolerable" international trade imbalance with Japan which was £64bn in the latest financial year.

If the Japanese failed within a year to introduce an effective policy of export restraint, Europe should take direct measures to increase tariffs to protect the development of its technological base.

Tariffs might be extended to a range of products such as high-definition televisions, satellite broadcasting and receiving equipment, digital audio tape, laser vision discs and players.

All of this could be done within the terms of the General Agreement on Tariffs and Trade which, with other international bodies, should step up pressure on Japan.

In addition, fresh opportunities for Japanese banks and securities houses to operate in European financial markets should be restricted until meaningful liberalisation on equal trade terms was introduced by Tokyo.

Anti-dumping action should be hastened and strengthened significantly, the pamphlet suggests.

These measures should be complemented by "a new and more critical stance towards Japanese inward investment on European Soil."

Japanese investment in European industry should involve high local content and proper domestic value-added. The authors argue that too many investments in the UK and the rest of the EC "both destroy jobs and increase imports and are then heralded as useful contributions to industrial co-operation and major steps to ease trade friction."

Local content levels should be set at 70 per cent to 90 per cent; competitive bidding through subsidies by national government to entice Japanese investment should end; and all subsidies to companies convicted of dumping should cease.

The pamphlets deals at length with devices which it says the Japanese use to keep out goods from the West, including tariffs, quotas, discriminatory taxes, customs regulations and certification and testing procedures.

Righting the Balance: A New Agenda for Euro-Japanese Trade. Conservative Political Centre, 32 Smith Square, London SW1P 3HH. £6.95.

US group to buy Aston Technology

By Terry Dodsworth in New York

GENERAL AUTOMATION, a US-based supplier of computing products, is to acquire Aston Technology of Birmingham in a deal aimed at consolidating its presence in the minicomputer systems field.

Both sides refused to disclose the terms of the agreement yesterday but GA will be buying all of Aston's shares from its venture capital backers and Mr Graham Gough, its managing director. Last year Aston generated sales of £3m, about half GA's UK turnover.

Mr Gough, who will stay on with the combined group, said Aston's shareholders had decided to sell in spite of continuing growth—the company expects turnover to reach £4m this year—because it had reached a size where it was difficult to expand.

He said that winning the larger contracts necessary to expand was not easy, because of the group's limited size. "It is very difficult to make the breakthrough to becoming a company with turnover of £10m."

Aston, a computer systems and service company, is only four years old, and has been one of the successes of the Aston science park. It has grown rapidly by concentarting on computer installations for a limited number of markets, mainly in the legal profession, health care, school and university administration, and vehicle fleet management.

GA which moved into the UK in the early 1970s with a range of minicomputers has followed a similar strategy of concentrating on specific markets such as production monitoring systems for factory data collection, and industrial automation.

Earlier this year, GA acquired Parallel Computers.

Warning on privatising electricity

BY MAX WILKINSON, RESOURCES EDITOR

PRIVATISING the electricity supply industry is likely to conflict with the Government's aim of increasing nuclear generating capacity, says Dr Richard Pryke of Liverpool University in the latest issue of Fiscal Studies.

He says that if the electricity industry moves into the private sector, generating companies would probably evaluate nuclear schemes against a discount rate higher than the 5 per cent now used by the Treasury and the Central Electricity Generating Board.

The discount rate represents the real cost of capital, measured as the return that capital could have earned if it were invested in other parts of the economy.

Since nuclear power stations are more expensive to build but cheaper to run than coal-fired stations of equivalent size, the economics of nuclear power depends crucially on the discount rate assumed as well as on the time needed for construction and the expected price of coal.

However, if no new nuclear plant were built, Dr Pryke estimates that coal consumption by the electricity industry would steadily rise. He believes that by 2010 British demand for coal, at 120m to 135m tonnes a year, would exceed the industry's capacity to supply by perhaps 45m tonnes a year.

The volume of imports would be pushed up by the desire of private power station owners to diversify their sources of supply. One way British Coal or its privatised successors could meet the gap, he says, would be by increasing the number of shifts worked at pits. This would also reduce unit costs. The other option would be to continue working at pits which were nearly exhausted.

Even so, he says: "Unless more nuclear power stations are constructed and the electricity industry's demand for coal is moderated, it is likely that the UK will become a substantial coal importer and/or that the marginal cost of British coal will be high because it will be produced from exhausted pits."

One solution, he suggests, would be to hive off the nuclear assets of the CEGB into a separate state-run company.

Fiscal Studies, Tieto, Bank House, 8a, Hill Road, Clevedon, Avon, BS21 7HA. Annual subscription for non-members: individuals £25, institutions £38.

Household tariffs lowest in EC says industry's council

BY MAURICE SAMUELSON

HOUSEHOLD electricity tariffs in Britain are lower than in most of Europe and compare favourably with those in other leading industrial countries, according to Electricity Council statistics released yesterday.

Based largely on tariffs in force on October 1 1986, it covers 12 European countries plus Canada, the US, Japan, Australia, Korea and South Africa.

Customers in England and Wales who buy 3,300 kilowatt hours a year on the standard domestic tariff enjoy the lowest domestic prices in the European Community.

Elsewhere in Europe, only Sweden and Finland, which have large amounts of cheap hydro-electric power, have lower tariffs.

British householders purchasing 7,500 kwh a year and taking advantage of cheap night-time tariffs do particularly well. In terms of pence per kwh, they enjoy lower tariffs than their counterparts in Finland and Sweden, although both the Finns and the Swedes are better off when variations in national purchasing power are taken into account.

Industrial users in England and Wales are relatively less well off, however. Consumers of 2,500 kw with a 60 per cent load factor—the proportion of their possible consumption which they actually take—pay more than consumers in Austria, Denmark, Finland, Netherlands, Sweden, Canada, Australia and South Africa.

An International Comparison of Electricity Prices as at October 1 1986; Electricity Council, 30, Millbank, London SW1P 4RD.

Parents to dominate Scots school boards

PARENTS may be given a bigger say in the running of Scotland's schools under government plans.

They would have a majority representation on proposed school boards running all but the smallest schools.

A consultative document says the boards would be able to veto the appointment of head teachers, to question any aspect of administration and to control spending and out-of-hours use of premises.

The boards would be represented on senior staff appointment committees.

Education authorities would alone have the power to fire staff.

Mr Michael Forsyth, Scotland's Education Minister, said there were no plans for Scottish schools "opting out" of the state system.

Commonwealth young 'need basic training'

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

A YOUTH entitlement guaranteeing basic education and training rights for young people throughout the Commonwealth is proposed in a report published yesterday.

The proposal comes from an examination of youth unemployment set up by Commonwealth heads of government meeting in Nassau in 1985. Commonwealth employment ministers have already considered the report and endorsed its general approach, including the youth entitlement.

The scheme would be designed to ensure that all young people are given adequate preparation for working life. Education, career guidance, work experience, training and access to qualifications would be included.

The report recognises that achieving its aim will take time in poorer countries, some of which may not yet be able to provide even universal primary education, but it says all governments should aspire to the programme and begin introducing it in stages.

Meeting the terms of the programme would require political will over a lengthy period. The report says: "For this reason we stress the need for government efforts to be supported by those of employers and trade unions on a tripartite basis."

Definitions and levels of youth unemployment vary but the report says it is incontrovertible that in both developing and developed countries young people are highly exposed to unemployment.

Young people are two or three times more likely than adults to be unemployed, say the authors.

A survey of 14 Commonwealth countries showed that young people average more than half the total number of recorded unemployed.

Unemployment impairs the transition from childhood to adulthood and "unemployed young people are more likely than employed young people to be physically and mentally ill, to attempt suicide, to become involved in criminal activity, drug use and abuse," says the report.

It warns that the severity of recent youth unemployment problems "pales to insignificance beside those which could be faced in the future."

The youth population in developed countries is expected to fall by 6 per cent by the end of the century. Developing nations, by contrast, face an escalating problem because their youth population is projected to rise by 125m, or 16 per cent, by 2000.

The projected rise in Africa was 60 per cent and the increase in towns might be more dramatic because of continuing migration from rural areas.

The group producing the report was chaired by Mr Peter Kirby, deputy director-general of the Government of Victoria Labour Department. Other members included Dr V. P. Diejomoah, head of the Jobs and Skills Programme for Africa; Dr Azizur Rahman Khan, senior economist at the World Bank, and Sir Richard O'Brien, former chairman of Britain's Manpower Services Commission and chairman of the group which produced the Church of England's Faith in the City report on urban priority areas.

Jobs For Young People. Commonwealth Secretariat Publications, Marlborough House, London SW1Y 5HX. £6.00.

MANAGEMENT: Marketing and Advertising

All change for the UK shoe retailing image

BY ALICE RAWSTHORN

IN THE 1980s when Britain's High Streets have become engulfed in post-modernist pastels and marketing jargon, one sector has stood aloof from the "retail revolution": shoe shops.

The reason for this is simple. Footwear is a notoriously difficult area of retailing. Consumer demand waxes and wanes with the weather. Stock control is complex in a business which accommodates so many different sizes and styles. Worse still there are too many shoe shops on the High Street. Thus there have been relatively few new entrants to the sector and little pressure for progress from the established businesses.

Yet, in the last year or so, all that has changed. The traditional giants of footwear retailing—the British Shoe Corporation and C. and J. Clark—have strengthened their hold on the market. But new forces have emerged in the shape of the multiples, Marks and Spencer and Storehouse. Moreover, Next, the business which has shaken up so many areas of retailing in the 1980s, has now surfaced in the shoe sector.

The growth of the multiples has already catalysed a flurry of acquisition activity among the smaller groups. George Oliver gobbled up the troubled Timpson chain earlier this year. Allebone bought the bulk of the Focus shops from Ward White, which has beaten a retreat from footwear retailing in the UK, while Clark purchased the rump.

But the traditional retailers are now retaliating with new marketing strategies. Shoe shops throughout the country are being treated to an unprecedented flow of new store design, new merchandise and new advertising campaigns.

The most ambitious changes are taking place within BSC, which has towered over the shoe market ever since Sir Charles Clore, architect of its parent company Sears, indulged *in a spending spree among the* independent footwear businesses of Britain in the 1950s and 1960s.

When BSC was assembled, its structure reflected the fashion of the day for centralised businesses which made the most of the economies of scale yielded by a huge operation. In the 1960s and 1970s BSC used these economies with ruthless efficiency. But in the 1980s its market place has changed.

The days of "pile it high and sell it cheap" retailing are over. Moreover, BSC's traditional tactic of deploying economies of scale to depress the average price of footwear is no longer sufficient to deter competition, when newcomers can identify value-added niches in which price is not a barrier.

The BSC response, co-ordinated by Christopher Marsland, who became managing director six months ago, is to restructure the company to enable it to fill these niches and to become more flexible in its response to changes *within* the marketplace.

Under its old structure the BSC management team has been organised according to function. The buyers, whether working for Dolcis, Saxone or Trueform, report to the same director. Similarly, all central facilities are uniform throughout the group. The distribution network services a volume business like Curtess in the same way as the smaller Roland Cartier. Even the store design team works throughout the group. An architect will design a Dolcis then a Saxone, and so on.

The result, according to Marsland, is that customers cannot tell one BSC unit from another. "When they arrive at the check-*out they do not even know* which name to write on the cheque," he says. The task of BSC is to direct individual parts of the business towards clearly defined market sectors.

Defined sector

The group has thus been divided into four areas — "quality," "family," "fashion" and "volume" — each with its own team of directors, cost structure and profit targets. The company is now putting the finishing touches to the new structure by appointing the managing directors for each area. Ironically BSC is now introducing the same decentralised structure which Clark has favoured for years.

Saxone and Manfield will be the core of the "quality" group to be directed at the older, more affluent consumer. The number of shops — now nearly 400 — will be pruned and the merchandise moved upmarket. Saxone shoes, for example, will become slightly more expensive.

Once the core chains have been established — Saxone servicing this market in urban areas and Manfield in smaller towns — the management will be encouraged to develop new concepts for "niche" businesses. The first of these new chains should surface next spring.

The same strategy will be implemented at the Dolcis shops which will be spruced up into the younger "fashion" group. Freeman Hardy Willis and Trueform, which accomodate 750 shops, will compete with Marks and Spencer as the "family" group. The "volume" group will be composed of Curtess and the Shoe City warehouse stores.

Once the new strategy is in place BSC will have whittled the number of its shops down by 350 to 1,300. Marsland's aim, to change the culture of the company from a "distribution" to a "market driven" concern, is all too familiar to retailers in the 1980s. He accepts it will be faught with difficulty.

Most of BSC's competitors are embroiled in similar exercises.

The bald fact that there are too many shoe shops on the High Street poses a challenge to all footwear retailers. Most have responded, like BSC, by pruning their own businesses. Allebone, which runs the Tandam chain, has engaged in the most radical rationalisation programme.

When the present management team, under the chief executive John Tilbrook, took over in the early 1980s, its first priority was to weed out the unprofitable shops. Allebone closed roughly half its units, but discovered it had swapped one problem for another because its cost base was then too high to run the business profitably.

The solution was the acquisition of most of the Focus shops in February, which will expand Tandem from Scotland and Northern Ireland into England. Allebone is now in the throes of remodelling Focus into the cheap and cheerful Tandem style.

By contrast both Clark and Oliver have responded to the lacklustre state of the sector by steering their businesses into more clearly defined niches of the shoe market.

When Clark introduced its own Clark's shoe shops two years ago it devised a formula to be adapted to meet the needs of local markets. Last year it unveiled a new style and new direction for Peter Lord, the family shoe shops, and is now doing the same for K Shoes.

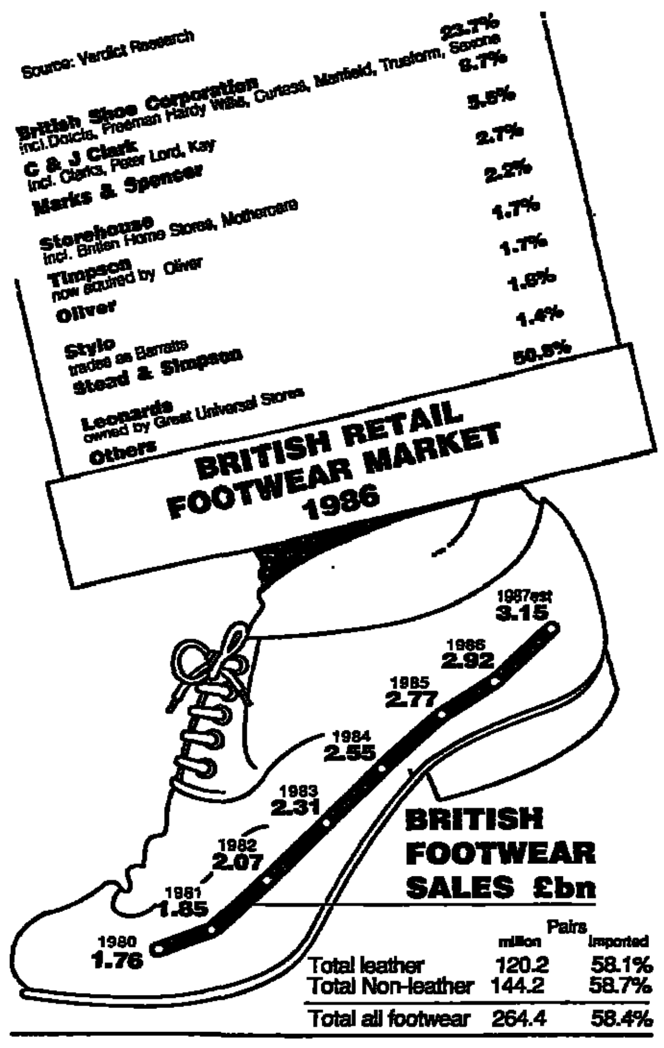
Clark is attempting to perform a delicate balancing act with K Shoes of attracting a new tranche of younger 35- to 45-year-olds without alienating the elderly customers who have been loyal to it over the years. The restyling of the merchandise is already completed, the company is now restyling its stores and is searching for a new advertising agency.

Whether K Shoes will bring off its balancing act remains to be seen. The example of Timpson illustrates the potential pitfalls. Last year it decided to transform its chain of 250 family shoe shops in the North into a younger, more fashionable operation. Old customers turned to other shops but Timpson failed to attract enough newcomers to compensate. Earlier this year it was taken over by Oliver, a similar chain in the South.

Oliver is now finalising its plans to remodel both groups. Given that each is well known in its area, the shops will retain their original names. But like BSC and Clark, Oliver has segmented its market. It has devised three retailing formulae: "fashion" for the city centres; a more "traditional" approach for smaller towns; and "budget" shops for the suburbs.

These formulae will be common to both Timpson and Oliver and each shop within the group will be assessed to see which would be most appropriate. Ian Oliver, chairman, expects the new merchandise changes to take effect next spring; work will then begin on store design.

But this flurry of activity from the specialists is accompanied by the continued growth of the multiples. Marks and Spencer is now engaged in an active store opening programme, while Next is committed to accelerating the pace of expansion. The days of footwear retailers being able to stand aloof from the rest of the High Street are numbered.



	Pairs million	Imported
Total leather	120.2	58.1%
Total Non-leather	144.2	58.7%
Total all footwear	264.4	58.4%

Back in a more familiar routine

Phil Gough tells Feona McEwan why he no longer wants to remain down on the farm

FOR AN ace advertising man, Phil Gough makes what his Australian friends would call a crook farmer. Eight years after finding fame and fortune in Australia, this urbane Englishman decided, after 26 years in the business, to take a raincheck on advertising. He bought himself a slice of Cornwall, 140 acres of it, and took up farming.

"I'd spent all my life working with my head, so I thought I'd try working with my body for a change . . . But I realised pretty soon that this was not a good idea," he jokes. "I immediately got tennis elbow from working the chainsaw."

Lesson learned, Gough has now allowed himself to be reclaimed by the advertising industry. Last week he surfaced in London as executive creative director of the newest, and some say the hottest, agency in town, the all-Australian Mojo-MDA, an agency as well-known back home as the products, particularly beer, it promotes.

"You need something to be passionate about in life," he says by way of explanation for his colourful life.

Today, Gough's views of British advertising are as uncompromising as when he left *Britain's shores. "I think clients* get a raw deal. If anything, the advertising has got more obscure," he says, aware he's sticking his neck out. "It's unbelievably soft. A lot of it is over the heads of the consumers, it seems to me.

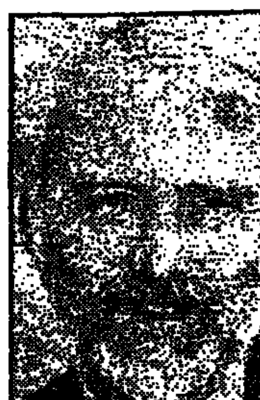
"Why this should be, I don't know. Is it because creatives are doing it for other creatives, sitting in their £250,000 homes with their £30,000 cars at the door, out of touch with consumers . . . ? Many ads look as if they're produced by people training to be Hollywood directors."

Gough's task now is to translate his critical talk into action. He is a curious mixture of assured, understated *Englishman and no-bullshit* Aussie, with the unusual tendency to see himself honestly. "I'm the person who always asks the dumb question," he says, adding self deprecatingly, "probably because I'm thick." But it is something he encourages youngsters to do; ask the obvious.

It was passion for Australian advertising and life that drove the renegade Gough to Oz in the first place. He went to Sydney in the late 1970s to shoot a margarine commercial for the London agency Davidson Pearce, and to all intents and purposes stayed.

"It was like being free . . . wonderful," he remembers of his first impressions of Sydney. "The sky was blue, people were optimistic instead of pessimistic. In business there was a feeling of what could go right rather than what could go wrong."

British advertising, meanwhile, was "getting very obscure, keeping the consumer at



arm's length," he suggests. "You weren't sure what they were trying to sell you." By comparison, the cruder, more direct approach of the Australian scene struck him as healthier.

Along with ex-Davidson Pearce colleague Vic Waterhouse he opened an agency and for eight years of "highly concentrated work" watched billings grow to A$35m.

Accolades rained down thick and fast. Gough won numerous awards. He also found a measure of fortune, ultimately selling his agency to the Saatchis. Not bad, for someone who was "booted out of school at 15 and art college at 17."

So Gough has lots to thank Krona margarine for. The commercial, which he wrote, introduced him to Sydney. Last year, the same urge for change that drove Gough to Australia drew him home again. The decision was hard—"my wife was in floods of tears and both my little girls are Australians." Education for his daughters was another decisive factor.

The past year spent doing up the farm has recharged the batteries. "I was wondering what to do next," he says, having fended off advances to make commercials, start up another agency or head up local ones. "I would not have come back with any other agency," he says of Mojo.

While conceding that British advertising at its best is the best there is, Gough detects a complacency and a conservatism as well as a total preoccupation with the past. Which is where down-to-earth Mojo senses a gap in the market.

Mojo-MDA is Australia's sole publicly-quoted agency, and the country's second largest, with billings of A$289m. With a toehold in Los Angeles, and newly established shops in New Zealand and London, next stop is New York.

But it is the agency's creative offerings that stir the blood. Its sock-it-to-you, toe-tapping, heart-tugging brand of advertising is the sort of force its generators believe is lacking in the soft-centred UK. Its long-running beer slogans, "I feel like a Tooheys" and "I feel a XXXX coming on," have *passed into the* Aussie vernacular. For 1986, the agency was nominated international agency of the year by the American magazine, Ad Age.

Gough admits he has a reputation of being hard to work with. "Probably because I have this strange Puritan tendency to feel I have to come up with the answers myself," what he calls the hairshirt tendency. "If it comes too easily, it can't be right," he jokes.

One problem he has solved for the moment is the little matter of geography. Armed with portable telephone ("which means I can clear my *desk in the car driving to and* from Cornwall"), and with telex, fax and word processors installed on the farm, plus a clutch of client cottages nearby, he is all set for his new schizophrenic urban/rural life. At the moment he's having a helicopter pad put in.

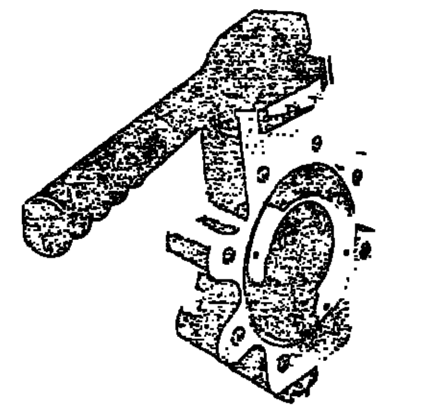
Everyone's dying to see how the new boys in town will perform . . . "So am I," says Gough with a wry smile.

INSIDE EDGE

TECHNOLOGY

How Winn took less time to release its safety valves

Peter Marsh examines the way in which the Delta offshoot developed a new family of products for industries such as oil and petrochemicals



Charles Winn's self-sealing valve could stop local difficulties turning into disasters

A MODEST investment in £50,000 worth of computer-aided design equipment has enabled Charles Winn, a subsidiary of Delta, the UK engineering group, to halve development times for a new family of products due to be marketed next year.

The products are high-performance, self-sealing valves which, in the event of a fire involving an oil rig or petrochemical works, could stop a local difficulty turning into a catastrophe.

The valves contain metal springs which form a second seal as a back-up to the plastic rings which act as the main seal. The metal part—which *would come into play should* the heat of a blaze melt the primary component — would stop liquids such as corrosive chemicals or oil coursing through a broken valve, a chain of events that could spell disaster.

Charles Winn's work in CAD is part of a £2m investment in manufacturing technology at the company's Birmingham factory. The Delta subsidiary has annual sales of about £5m and specialises in precision-engineered, highly reliable valves used in process industries.

While the world of valve-making covers a huge variety of products, which end up in installations ranging from nuclear power stations to domestic taps and central heating systems, the market for the fire-resistant, high-performance variety is fairly small.

Charles Winn estimates the world market to be worth about £50m-£100m a year, with leading companies including Keystone, Rockwell, Jamesbury and Flowseal, all of the US. Most customers are from the petrochemical and oil industries.

Charles Winn bought two Westward CAD terminals two years ago. They are linked by cable to a Prime computer at the offices of Deltacam, a second Delta subsidiary which specialises in computerised design and manufacture (see panel).

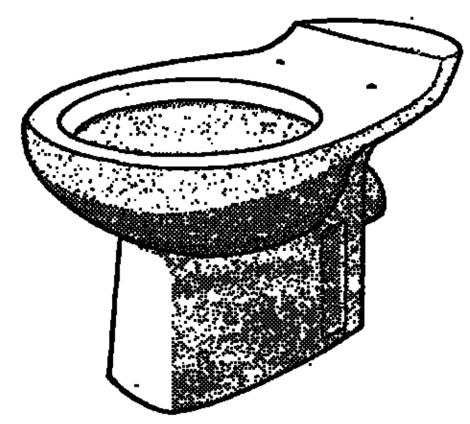
With the terminals, says Gerry Tipping, Charles Winn's technical director, the company's draughtsmen took only six months to design the six or so main parts in the new valve products, compared to the year the job would have taken with conventional drawing methods. The company used a two-dimensional engineering design package called DOGS, developed by Pafec, a CAD developer based in Nottingham.

The new products will complement Charles Winn's existing range of valves. Together with other new designs in the pipeline, they will lead to Charles Winn doubling its output over the next five years, according to Peter Sylvester, company chairman.

High-performance valves are based on a metal lid which swivels along an axis to shut off the flow of liquids in a pipe. The axis is slightly off-centred so that the lid comes to rest flush up against the plastic primary seal, which sits on the bottom of the pipe. This mode of operation makes for a closer fitting and reduces wear.

Parts have to be machined with high accuracies, to within a quarter of a millimetre, to ensure high reliability of the finished valve.

Charles Winn has spent in the past few years £1.5m on a set of seven computerised machine tools, made by companies such as Toshiba, Nakamura-Tome, Colchester Lathes and Hitachi Seiki. These tools turn out components for the valves according to instructions derived from the CAD system. The rest of the £2m investment was accounted for by new testing machines and ancillary equipment.



Deltacam's software has been much used for bathroom fittings designs, such as that above

The Cambridge route to design efficiency

MAKERS OF toilets and wash basins have benefited from work in computer-aided design originally developed at Cambridge University. The work has been commercialised by Deltacam, a subsidiary of the Delta group which specialises in CAD software.

Deltacam's main product is a set of programs called DUCT, with which designers can depict engineering objects in three dimensions on a screen. DUCT was developed at Cambridge University's Wolfson Industrial Unit. Three years ago Deltacam, which employs 80 people and has annual sales of some £3m, took over the development, hiring several members of the university team.

DUCT normally sells for about £20,000, and can be run on an engineering workstation of the kind sold by Apollo and which cost a further £20,000.

Its main applications have been in the sanitary ware industry. Customers have included Kohler of the US, South Africa's Cobra Bathrooms and Lignotock Technische Formteile of West Germany, all makers of bathroom fittings. The British Ceramics Research Association is another user of the software.

These organisations have used DUCT mainly to design a three-dimensional model of an object, be this a pedestal for a basin or a part of a toilet base, that they wish to produce. Instructions from the CAD system are then sent to a computerised machine tool which cuts out the model, normally from plaster. The model is then used as a highly accurate mould in the casting process which follows, turning out sanitary ware in high volume.

Norsemen press for a cleaner Britain

By Hilary Barnes

THE SCANDINAVIANS are taking a close interest in the approach to desulphurisation of power station emissions which is being adopted in the UK, where the Central Electricity Generating Board recently announced that what is known in the industry as the "wet *gypsum process" will be used* at the big Drax power station in Yorkshire.

They feel the UK may miss an opportunity to adopt what they themselves call a "zero pollution" option and will instead implement a programme which in the longer run may present the UK with further heavy investment to cope with a secondary pollution problem.

It has to be said at once that the Scandinavian interest in the approach which Britain adopts does not arise out of disinterested concern for the UK environment.

The "zero pollution" approach which is being implemented by Swedish utilities uses technology developed by Denmark's Niro Atomizer, a leader in the field of spray-drying technology, and Sweden's Fläkt Industri. They are hoping to gain a stake in the UK's clean-up programme.

The Scandinavian approach was described at length in a paper prepared for the International Coal Technology and Coal Economics Conference, held in London in June. It was written by Ebbe Jons, of Niro Atomizer, Stefan Aahman, of Fläekt, and Anges Brian Russel, of Foster Wheeler Energy.

The two most-used methods of cleaning flue gasses are the wet scrubbing and spray-drying techniques, but it is what happens at the next stage which is where the approaches differ.

The wet scrubber method leads at the next stage to the separation of a varietiy of products, sulphuric acid and gypsum (hence "wet gypsum process"), all of which are recycled for industrial and commercial use.

The draw-back, as the experts at the Swedish Geotechnical Institute and Fläkt see it, is that there remains a large quantity of waste water, containing a substantial residue of mercury as well as such soluble nutrients as nitrates. In West Germany, where the "separation philosophy" has been widely adopted already, the water is poured down The Rhine.

The spray drying process produces a fine powder. This can also be converted into sulphur and gypsum, but in the "zero pollution option," the powder is used in two main alternative ways.

The first of these is to turn it into a landfill product or into a variety of cement-substitutes.

The advocates of the "separation philosophy" say that this way of using the end-products of the cleaning process "transfers air pollution to ground pollution." But Fläkt's and Niro's engineers, backed by research done by the Swedish Geotechnical Institute, say that this is precisely what the process does not do, as the landfill or building industry products capture and stabilise the pollutants extracted from the flue gasses in products which do not release the pollutants again.

The second way of using the product of spray-drying is as an agent for reducing pollution from other sources. This could be of special interest in the UK as it can be used—and is being used for this purpose in Sweden—to neutralise the acid which is generated in minestone, or slag.

In Sweden the product is being used to combat acidification arising from iron ore mining slag heaps, but it is equally applicable to minestone from coal.

The wet gypsum separation and spray-drying "zero pollution" philosophies do not exclude each other, of course. In the US, where space for disposal of landfill products is no problem, the spray-drying process is being fairly widely used. Denmark is so far committed to wet scrubbing at one and spray drying at a second power station, and in Germany, although the "separation philosophy" dominates, spray-drying has also been adopted by some utilities.

As the Scandinavian paper to the Coaltech Conference put it, the "separation philosophy" may be the most attractive alternative where lack of space for waste disposal is the main consideration. But where the environmental impact takes top priority, the Scandinavian approach is preferable.

WORTH WATCHING

Edited by Geoffrey Charlish

Products take on another dimension

SIEMENS, the major German electronics group, has developed a laser-based measuring system that is able to determine the three-dimensional shape of an object in a fraction of a second.

The company believes it will become an important alternative to the present machine vision systems which usually look at an object only in two dimensions. And there will be particular advantages for production line automation where the complete spatial definition of parts will enable them to be quickly dealt with by robots and other systems.

Siemens' new sensor system, details of which are not disclosed, examines the object while it is being scanned by computer-controlled laser beams emanating from the ends of a known baseline at known angles. The system uses a triangulation method of the kind operated by surveyors, and can determine the three-dimensional co-ordinates of points on the surface of the scanned object at the rate of 200,000 co-ordinates per second. (In triangulation, observations of a distant point from the ends of a baseline form a complete, known, triangle when the angles of the observations are measured using a theodolite).

Signals from the sensor and the laser system enable the surface to be defined very rapidly and the data stored. For example, Siemens claims an object with sides of about 100 mm can be defined in 0.2 of a second.

Cutting through high-tech jargon

READERS WHO feel disadvantaged when they encounter words like LAN, RISC, MAP or OSI in some heavy but essential report from the computing departments, might find solace in a little booklet called Breaking the Jargon.

Based on a series of articles in the industry newspaper Computer Weekly, the booklet is written by computer journalist Nick Enticknap, who has himself spent many years trying to break through the jargon for which the computing industry is so notorious.

The 49 page booklet makes no attempt to be all-embracing but instead homes in on 38 of the commonest words used as jargon. Released by Reed Business Publishing of Sutton, Surrey, the booklet is available from Computer Posting of Mitcham and costs £8.95.

A hardier breed of vacuum flask

THE TRADITIONAL vacuum flask, being made of glass, can be broken in a number of ways, such as dropping an ice cube into the bottom, trying to stir the contents too vigorously, or simply by dropping it.

But Milevas Scientific Glass, of Halstead, Essex, UK, is importing a Taiwanese product made from stainless steel that is just as effective from the thermal point of view but is very robust. Sports and leisure, as well as industrial/medical applications are expected.

Edinburgh Festival

Americans on the Fringe

There are incongruities about the Edinburgh Festival this year. The city was bathed in sunshine for several days, which is unusual enough, and the place is teeming with Russian actors, writers and diplomats. But some things never change: Jim Haynes and Roger McGough, founding fathers of the Fringe, lurk around every corner; someone is doing a solo version of the Illiad; the Fringe Club is an unwelcoming morgue; and American performers are here in force.

With the steep cost of renting venues unchecked by any city intervention, it seems that in a few years time only generously sponsored American drama companies will be able to afford to take part on the Fringe. It even costs a company £200 to get its name in the Fringe brochure.

William Burdett Coutts, who runs the exotic Babel of Fringe activity known as the Assembly Rooms, thinks it high time the city put something into the Fringe. In five years, over half a million people have paid to see shows in his five theatres and if each of those people has spent, say, £10 in the city, Edinburgh has benefited to the tune of over £5m in tourist revenue. So far the Assembly Rooms have had £10,000 subsidy from the City Council: over £100,000 has been paid back to them in rental.

One of the American groups who can certainly afford to come here, and are gracing the Assembly Rooms with a fine new play, is the Stormfield Theatre Company of Chicago. Founded in 1983, this is one of several exciting new set-ups that has helped transform Chicago over the past 10 years into one of America's leading theatre towns.

Hauptmann is by John Logan, whose first play, about the Leopold and Loeb murder case, was warmly reviewed here by Martin Hoyle when seen earlier this year at the Offstage Downstairs in London. *Hauptmann* takes another mythical murder scandal — the trial and conviction of the German immigrant alleged to have kidnapped and murdered Charles Lindbergh's baby in 1932. The case is presented in flashback, Hauptmann professing his innocence to the last on Death Row in 1936.

But this is much more than a prison cell and courtroom drama. The case itself cut deep into the collective national psyche in its confrontation between an athletic all-American idol and the Teutonic immigrant who was cast as bogyman in the American dream turned nightmare. Mr Logan articulates this theme with with power and precision. When Hauptmann and his wife go to see *Top Hat* in the cinema, it is Layne Beamer's jaw-jutting blond Adonis-like Lindbergh who sweeps elegantly across the screen (and theatre floor) as Fred Astaire.

The details of the case are enthralling enough, but the material is further transformed by the quality of acting, tough Chicago-style at its best. The cast of seven in Terry McCabe's brilliantly orchestrated production is led by Denis P. O'Hare as the trembling thickly-accented Bruno Richard Hauptmann, the New Jersey carpenter with a small criminal record he had hoped to obliterate by coming to the great new land of plenty and opportunity. That land, it turns out, was only too anxious to slake its thirst for revenge on its foreign interlopers.

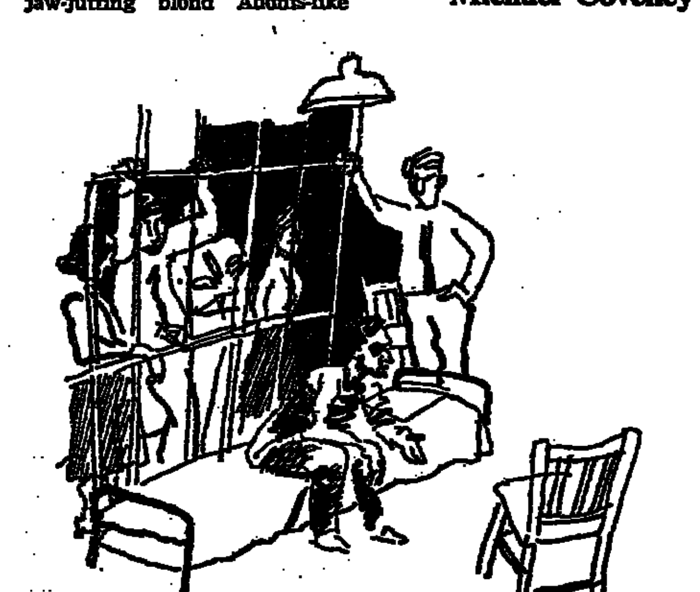
The author believes Hauptmann to be innocent, but nothing is hidden from the audience. In the end, you want desperately to accept the domestic alibi of Hauptmann's plump, bemused, unhappy wife (Wendy Leuker). And you do, but doubts still creep in. The play is not only good history drama. It also explains much of a nation's identity and its need to protect its heroes.

The gilded balloon venue above the 369 Gallery in Cowgate (playing host to some hideous modern Russian paintings) reinvents another sort of American hero, the drunken artist. Robert Patrick's *The Last Stroke* does not come clean, but the gruesomely alcoholic habitué of the Cedar Tavern in New York, 1955, is unmistakenly Jackson Pollock. "Jefferson Madison" (Richard Smithies) is seen incoherently justifying himself for an hour to a well-dressed museum curator (Peter Johnson) who is an unconvincing amalgam of fan, bureaucrat and Peggy Guggenheim.

The author of *Kennedy's Children* still writes sharply and bitterly and here regresses from the 1960s he so memorably obiturised to the 1950s he so obviously inhabits—the spirit of best and excess shines through the punctuated monologue (Mr Patrick is no more inclined to write interactive dialogue than he ever was).

More Americans from Minnesota, more monologue, out at the beautifully equipped and accommodating Theatre Workship in Hamilton Place. *Minnesota*, presented by the Actors Theatre of St Paul and written by George Sand, is a charming evocation of rural farm life. Edged with Faulknerian tragic border, for actor (D. Scott Glasser), musician (Peter Ostroushko) and cut-out animals. The escape route to Minnesota, leaving the cities and mid-west dust bowls behind, represents another sort of American dream, a passage through Indiana.

Michael Coveney



Alastair Muir

Bernard Alane, Ruth Madoc and Jan Hartley

Bless the Bride/Sadler's Wells

Martin Hoyle

This fruit of the A. P. Herbert/Vivian Ellis partnership must have been bliss in 1947 Britain, riddled with austerity, food-rationed, bomb-scarred, and dazzled by the number of clothing coupons necessary for the 1870 bustles, the panniered Victorian bridesmaid outfits, the colourful Frenchies and the scene changes from country house to Gallic fleshpots. *Bless the Bride* co-existed in happy harmony with the London advent of *Annie, Get Your Gun*. Why not? Far from competing, they inhabit different worlds. If *Annie* belonged to the new ebullient wave of American musicals, *Bless the Bride* was and is unashamedly an operetta, that now frequently sounds even older than its 40 years.

Herbert and Ellis had met the post-war challenge with *Big Ben*, its premiere attended by Labour politicians, clearing the decks for a new society and ordinary people. The subsequent *Bless the Bride* was deliberate, escapist nostalgia. The flimsy story of a proper Victorian English miss swept off to France by the charm of a Gallic actor, the intervening war, and the unexpected happy ending, must have seemed old-fashioned even in 1947, but gratefully accepted as such.

At the Wells Tim Goodchild's lush sets fly in staircases, opulent drawing-rooms and lacey backdrops like Victorian doilies. Wedding-cake elaborateness avoids garishness, however, through use of muted colours like beige and apricot.

Elsewhere one wishes that tongue were more firmly in cheek or that the by now unfunny jokes about Englishness and foreigners could be pruned. The French café is peopled by natives who speak in accented English. The silly ass (Simon Williams, wasted), the pompous papa (Gerald Harper, lacking geniality) and the feeble dénouement are not worthy of the music.

Therein lies the show's strength. Ellis's music is never less than tuneful in a generalised way, and when he hits his stride, as with "Ma belle Marguerite," "I was never kissed before" and "This is my lovely day," the genuine, copper-bottomed melodiousness is irresistible.

The work is light opera, not a musical. There are echoes of Gilbert and Sullivan; a polka recalls Humperdinck's *Hänsel und Gretel;* a mock-patriotic number with fa-la-la refrain is sheer Edward German; the outraged dignity of a *patron* defending the freshness of his fish threatens to burst into Offenbach; and the mocking "This man could never be a spy," a series of back-handed compliments in triple time, is a direct descendant of Rosalinde's "Mein Herr, was dächten Sie von mir" from *Fledermaus*.

Only a public brainwashed by *Follies* could be bemused by such spontaneous, hummable tunefulness, in contrast with the melodic mouse, effortfully engendered from the contorted and heaving mountain of Sondheim cleverness, of today's cult musicals. Jan Hartley's soprano has a faintly French quality, not unsuitably; her dashing Pierre is Bernard Alane who sounds like the Georges Guétary records though with less of a real tenor. Una Stubbs, too young and pretty for a Victorian mama, is less at ease with "God bless the family" than she used to be (inimitably) with "The laziest gal in town." But the show's discovery is Ruth Madoc, hitherto best known for television comedy, whose genuine mezzo, with a baritonal edge when outraged, is a genuine Katisha voice, and who punches out the comedy and the patriotism as to the manner born.

Royal Borough/Theatre Upstairs

Martin Hoyle

The prospect of the Royal Court Theatre taking a look at its surroundings, with contributions from such talented writers as Debbie Horsfield and Tony Marchant besides "the people of Kensington and Chelsea," is enticing. One expects an irreverent revue, a whizz through the famous and infamous of SW3. In fact, Marty Cruickshank (writer) and Simon Curtis (director) have come up with a likeable, erratic patchwork of indistinguishable fact and fiction with *de beaux moments* and *quarts d'heure* that if not mauvais at least provide a number of damp squibs.

The evening begins with the audience split into groups and briskly toured round Sloane Square; the station where wartime bombs almost unleashed floodwaters from the Serpentine over Chelsea (and, as a colleague pointed out, the original Peter Pan killed himself under a train), Peter Jones, the D'Oyly Carte homestead, Burne-Jones and William Morris.

Then up the back stairs, past dressing-rooms and wardrobe, to Anabel Temple's set of greensward against a background studded with front doors which will hinge open to reveal posters on the obverse; window shutters are wide to the Chelsea evening. Interior and exterior blend for a kaleidoscope of selected historical incident, sketches and what sound like transcribed *vox pops*. Individual items are attributed, though Rattigan and Congreve quotations are noted.

At the preview I attended there seemed no unifying or cohesive tone for the mixture: what resemble subtly observant revue sketches without punch lines, dramatised documentary, sheer fantasy, reportage. The cast of six sprawl in the sun. "How pleasant it is to live in unity with one another," is the remark that opens and closes the seamless 90 minutes. It is one of the show's weaknesses that we never know if this meant ironically or not. Paradoxically, the flexible and barrier-crossing use of a multi-racial cast tends to minimise the variegated community by smoothing over the differences.

There are recurrent themes. A sad Labour Party supporter (Julia Swift) recalls the General Election; a northern Chelsea Pensioner (Eamon Boland) recounts his daily routine; a professional party-giver (Patti Love) fills in her client on the gossip. The show reminds us of the disproportionate Alcoholics and Narcotics Anonymous in Chelsea's square mile. A touching meeting of addicts reflects the hopefulness of those struggling to stay "clean". A black girl (Natasha Williams) has applied for a job, unsuccessfully — but "I'm so glad to be alive."

The extremes of riches and deprivation are touched on, but the show seems happier when homing in on the middle classes: a mock-travelogue is predictably scathing about the dawn of sixties permissiveness; items about screechingly upper-class Peter Jones customers and posh school assemblies are obvious; and a reading from *Spycatcher* is doubtfully relevant (from Adam Kotz, who ranges beautifully from skin-head to Tory in blue-framed specs). The show assumes too much, both of the spectators' knowledge and its audience's sympathies. The funnies are not funny enough, the criticism too complacent.

Archbishop bans production

David Murray reports from the Salzburg Festival

Four hundred years ago Salzburg acquired a fierce young Prince-Archbishop, Wolf Dietrich von Raitenau, and this year he is being celebrated: his controversial reign, his rebuilding of the town in baroque style, his mistress and their children, his eventual resignation, imprisonment and death. Meanwhile, undeterred, the present Archbishop has ignited a furious controversy by banning a festival production after one performance.

The Book with Seven Seals was the *magnum opus* of Franz Schmidt (1874-1939). A vast oratorio after the Revelations of St John. For many older Austrians it has a status rather like that of Elgar's *Dream of Gerontius* in England, and its rare appearances are automatically festival-events. This summer the distinguished George Tabori was invited to devise a "scenic realisation" for it in the University Church. Throughout weeks of rehearsal, it seems not to have occurred to anybody that a modern evocation of apocalyptic horrors might go down badly with the ecclesiastical authority.

It did. The Archbishop and the University Rector demanded the excision of three bits they judged *Obszön* (which sounds much more obscene than "obscene"); Tabori, deeply offended, refused; the subsequent performances have been reduced to concert form.

The work is extraordinary enough just as music, at once a literal fantasy of primitive piety and an overweening academic construction. There are monstrous, shuddering orchestral inventions like nothing else in Schmidt. The Mozarteum Orchestra and a large Viennese chorus, admirably prepared by Hans Graf and Helmuth Froschauer, filled the great spaces of the church with imposing, well-defined sound. Besides a powerful quartet of solo voices, the tenor Anthony Rolfe Johnson sustained St John's narration with lucid sincerity (a few constricted top notes did no harm), while from the further end of the church Robert Holl supplied the Voice of God, sonorous and majestic. As apocalypses go, this one had a definitive ring. A secular venue may be found for Tabori's staging next summer; meanwhile a new Orfeo recording of the work (with different forces) has just appeared.

★

Johannes Schaaf's new staging of Mozart's *Die Entführung aus dem serail* is one of those aberrations which every festival must occasionally risk. More exactly, it is a staging of the opera Schaaf would prefer Mozart to have written, adapted grimly to the music Mozart actually composed. There is nothing new in treating the non-signing Pasha Selim as the deepest character in the opera; but Schaaf's positive contempt for the young hero Belmonte makes a desert of the tenderest and most poignant passages in the piece. This is an *Entführung* which has lost its innocence, and it leaves a sour taste behind.

On Schaaf's reading, the captive Constanze's "serious" relationship is with the Pasha, clouded by sentimental memories of a faceless fiancé. Accordingly Inga Nielsen gave us a slow, strained "Ach, ich liebte" and a tormented "Traurigkeit" (Horst Stein drew plangent riches from the accompanying winds); and her defiant "Martern aller Arten" was staged as an hysterical crisis, with Constanze acting out masochistically the tortures the Pasha might have thrillingly in store for her.

Each of Belmonte's arias became — through no fault of the stylish young South African Deon van de Walt — a mere self-absorbed exercise. At the long-delayed reunion "Wenn die Freuden Tränen," that tremulous study of shy joy, was produced to seem a self-congratulatory effusion; the subsequent quartet, stiff and embarrassed, has never been less moving. Again, "Ich baue ganz" was made to seem a perfectly idiotic delay amid the anxious escape.

All the teasing between Blondchen (Julie Kaufmann, tough and bright) and Kurt Rydl's looming Osmin was given a kinky tilt with knowing by-play involving a lifesize doll. At least we had Heinz Zednik's wry, expert Pedrillo, keen in "Frisch zum Kampfe" and nervously appealing in his serenade. The farewell duel of the principal lovers found them bleakly separated under waiting nooses; the touching final "vaudeville" was treated as a routine ditty, since Schaaf was interested only in Osmin's arousal by the "racist" taunts of the minor lovers.

The tale is played out with notably little humour, despite much forced slapstick, between bleak facing walls of wood with a seascape of painted waves in the middle. Though at the end the lovers merely disappear, the Pasha arrives earlier in a gigantic boat, two-thirds the height of the stage — the kind of conspicuous consumption for which Salzburg productions have become notorious.

At the weekend, the Mozarteum Orchestra under Wilfried Boettcher gave us a breath of an older, nicer Salzburg: Mozart's "Coronation" Concerto with Elisabeth Leonskaya (more characterful than fluent), bass arias by Robert Holl (lively and dramatic). The Mozarteum players have never been a virtuoso band, but in the "Prague" Symphony they proved again that in Mozart they can offer an easier balance and more top-to-bottom musicianship than many a crack chamber orchestra. With the Dresden Staatskapelle, Jeffrey Tate put up tolerantly with the lazy, domestic trio of Buchbinder, Josef Suk and Angelica May (dreadfully woozy in pitch) in Beethoven's Triple Concerto, and then led a splendidly full and searching "Oxford" Symphony. The Dresden players are not quick to detect jokes in Haydn (or are too polite to point them out), but their sturdy refinement had everything else one could want.

Maw's Odyssey/Albert Hall

Andrew Clements

Three-quarters of a premiere is better than no premiere at all, and the chance to hear three of the five sections of Nicholas Maw's *Odyssey* in Monday's Prom, scrupulously prepared and majestically delivered by the BBC Symphony Orchestra under Mark Elder, more than justified itself. Those three sections played for 80 minutes; in all 25 minutes of music had been jettisoned for this performance.

On this page last Saturday I outlined the background to the composition of Maw's score, and the critical position it has assumed in his creative development for the last 15 years, as well as the problems that its massive proportions have created for the BBC who were willing to revive a commission (initially from the LSO) that had lapsed a decade earlier.

What Elder and the BBCSO gave us were sections 2, 4 and 5 of the score, its emotional core and densest thematic substance; section 1 was conceived as a gigantic upbeat to the whole work, an atmospheric piece of scene-setting and thematic prodigality, while section 3 is a light-footed intermezzo, designed to provide relief and contrast between the intellectual rigours of its neighbours. In Maw's panoramic scheme section 2 is *Odyssey's* melodic storehouse, the origin of its *Ur*-melody, heard at the beginning of Monday's performance on the cellos and immediately followed by a substantial development; Section 4 is its slow centre, two paragraphs of Brucknerian spaciousness framing a sequence of meditations, and Section 5 a panoply of development sections, teeming with invention and bounding energy and capped by a violent coda of suitably epic proportions.

That is the ground plan of what was played; a concept of unashamed romantic sweep filled with gestures of similar generosity. Most striking on this occasion was the change of style between section 2 (written by 1975) and sections 4 and 5 (completed last year). Maw has incorporated his linguistic evolution in the plan of the work, but without the buffer of the intermezzo between the sections, the change was further emphasised, the chromatically charged development of the earlier music butting against the more limpid, tonally unambiguous statements of the great slow movement.

Quite unexpectedly, it was more recently composed music that seemed the more convincing in this context. Heard apart from its neighbours the long-limbed cello melody and its subsequent treatment seemed almost too brief when weighed against the proportions of the later sections. After the statement of the theme itself winding across 44 bars, the music seems to change tack too quickly, presenting a kind of miniaturised violin concerto based on quite independent material, before resuming its dialectic; the ideas never quite achieve the level of independent identity one expects.

There is no problem of anonymity in either of the remaining sections, however: the ideas tumble out, perfectly matched to the idiom which would fit comfortably into any one of a number of 20th-century symphonic archetypes. The scoring is often dense, but the textural imagination quite ravishing; the matching of thematic substance to instrumental sonority is beautifully precise. The moment of outstanding beauty are too many to enumerate fully, from section four's statements of its main theme on the ever prominent solo horn (outstandingly played throughout the work by Alan Civil) over rapt string textures, and the burgeoning tendrils of string lines at the climax of the meditations, to the remorseless piling-up of sharply characterised ideas in the finale, each screwing up the tension one notch more.

Parallels for *Odyssey* are hard: it reminds one at times of Nielsen and Sibelius, some themes have a Brahmsian cast, the textures have a Straussian sumptuousness. The immense structures of the final section reminds me inescapably of the finale of Mahler's Sixth Symphony, not in language or temperament but in the way in which it binds together such a discursive construction by intangible means. As a celebration of Maw's own past with the romantic tradition it is both fascinating and exhilarating; the complete performance that the BBC has promised in the not too distant future could hold even further rewards.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 7-13

Exhibitions

ITALY

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

Rome: Palazzo Braschi (Piazza San Pantaleo 1): Carlo Carra' (1881–1966): Over 200 works by one of the most lyrical of Italian contemporary painters, many with clear echoes of those artists known to have influenced him, such as Giotto and Piero Della Francesca. Neatly divided into sections corresponding to his futurist, metaphysical and Realismo Magico periods. Ends Sept 18.

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in the austere spaces of the gallery. The nostalgic title refers to a period (1776-1876) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his "Casa Della Vita." Palazzo Ricci in Via Giulia. Praz's passion for empire style began when still a child and he was still buying new pieces at the age of 85, a year before he died. It is sad that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 6.

Venice: Palazzo Grassi: Jean Tinguely: 1954–1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of his works communicate a touching "joie de vivre." Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Modern Art in New York in 1960. Ends Oct 18.

PARIS

The Painter in Front of his Mirror: A collection of 222 self-portraits from the 18th to the 20th century shows the infinite variety of ways in which an artist regards himself. From a painstaking likeness to a self representation under the traits of a mefisto or the devil, from thickly laid brushstrokes to the lightest of lines, painters draw their own image for friends – or for posterity. Louvre des Antiquaires, 2 Place Palais Royal. (429 72700) Ends Sept. 5.

Georgio Morandi: Subdued colours and a subdued mood imbue the 120 paintings, watercolours, drawings and etchings of the master from Bologna. The permutations of the themes of bottles, vases, cyclindrical or rectangular shapes engender a certain monotony. Yet at the same time they give these everyday objects a poetical existence of their own. Hotel de Ville, Salle Saint-Jean. (427 64068) Ends Aug. 20.

L'Art Independant: To commemorate the 50th anniversary of the 1937 Paris International Exhibition, the Museum of Modern Art, built for the occasion, repeats on a smaller scale the exhibition l'Art Independant which was part of the heady pre-war festivities. Celebrating painters and sculptors who broke with the academic traditions of the 19th century, it assembled works by Matisse and Maillol, Picasso and Lipchitz, Braque and Rodin among others. The present version of the exhibition allows visitors to compare the choices of the 1937 organisers with the judgement of history. Musee d'Art Moderne de la Ville de Paris, 11 Avenue President Wilson (472 35127). Ends Aug. 30.

Invitation to a Voyage: A delightful exhibition conjures up the excitement of travel from the middle ages till 1935, with finely tooled 15th and 18th century caskets for jewels, knives and goblets, with ornate leather trunks – and a Sache Guitry wardrobe case. The toilet sets dazzle with silver and crystal, ivory and tortoise shell, a French Coupe, a Dutch Royal sledge with a Japanese palanquin evoke adventure against the background of exotic travel scenes, while the Pullman era ushers in the luxury of discreet comfort amid the bustling porters. Musee des Arts Decoratifs, 107, Rue de Rivoli (4360 3214). Ends Aug 30.

WEST GERMANY

Kassel: Museum Fridericanum Orangerie: Documenta 8 'World exhibition of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger presents the works of 150 artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

Baden-Baden, Kunsthalle Lichtentaler Allee 8a: Henri de Toulouse-Lautrec. This exhibition displays graphic works from 1884 to 1901 with more than 380 posters and drawings (Ends Aug 30).

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

SPAIN

Madrid, Spanish Pavilion in the international exhibition in Paris, 1937. This show reproduces the space, contents and environment of Spain's contribution to the art world during the Civil War, a means of propaganda by the republican government in search of international aid and support. Some originals, some copies or reproductions include architecture of the pavilion by Lacasa and Sert, Picasso's studies on the Guernica and his Dama Oferente, North American Alexander Calder's Fountain of Mercury, Miro's 'El Payes Catalan en Revolucion' and many more on loan by private collections and museums. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 15.

NEW YORK

Guggenheim: The first retrospective of Joan Miro since his death in 1983 includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive inspirations. Ends Aug 23.

Museum of Modern Art: Berlinart 1961-87: An international assortment of 55 artists who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

CHICAGO

Art Institute: 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs and the imperial wardrobe. Ends Sept 6.

Picasso Sketchbooks (Art Institute): 39 of Picasso's cahiers, kept over 65 years, show the creative process of one of the century's most prolific and original artists. Ends Aug 23.

TOKYO

Bunjin-ga Literati Painting. This exhibition of Chinese-inspired landscapes by Japanese artists of the Edo Period (1600-1868) includes works by the renowned Uragami Gyokudo of the Nanga, or Southern School of Chinese painting. Literati painters were enthusiastic amateurs who worked in ink and paper – the Academy professionals worked in silk and mineral colours. Their most typical subjects were the rustic scholar-recluse poetic scenes of mountains and Zen-inspired landscapes of the mind. Idemitsu Museum Hibiya, above the Imperial Hotel and near Ginza and main hotels. Ends Aug. 23. Closed Mondays.

Wolfi/Battersea Park

Clement Crisp

If there is a more unsavoury and dismal setting for dance than the Big Top that has sprung up again in Battersea Park this summer, I do not know it. Given that the stage area is good, I can find no other merit in this dank canvas structure with its uncomfortable seating and willingness to let in every sound from the outside. It is a wholly unworthy home for dance.

On Tuesday night it housed Ballet Rambert's latest acquisition, Lynn Seymour's *Wolfi*, as part of a triple bill. This is the second ballet I have seen within the year by a woman choreographer dealing with Mozart and Salieri. Last autumn the Bolshoi showed an arid exercise by Vera Boccadoro in Paris, in which the two composers flung academic platitudes at each other.

Miss Seymour's procedure is distinctly other. Subtitled "an allegory," her offering is punk-baroque, reflecting perhaps Ballet Rambert's concern with the newest in modern art as decoration for its repertory. Alas, Andrew Logan, *Wolfi's* designer, can do no more than make flimsy and foolish replicas of eighteenth century costume and scenic convention, seeking outrage by means of sequins and day-glo colour, but missing the occasion to show the true baroque fantasies of today's young generation in clothes and hair-style.

Miss Seymour's dramatic argument is a quick sketch of Mozart as womaniser, genius, victim of his father and wife, and of Salieri, told in cabaret terms. To do this to the 21st piano concerto is a mad-cap move, which comes off only in the slow movement where the heart of the ballet and its only serious moments lie, as Mozart is variously manoeuvered by his family and associates.

Elsewhere, cheap effects reign. These would be more credible were they better performed. I can but report that I thought that the chorus of Rambert women danced like drag-queens, and that the attendant men appeared of uncertain gender. The company's dim classic style did not help Miss Seymour's intentions: what might have been witty looked indecisive; what should have been poetic became laboured. The performance of the concerto, aided by the excruciating acoustic of the tent, was leaden.

The evening began with Richard Alston's new *Strong Language*, a bright and energetic response to a sound-track by John-Marc Gowans, a re-shaping of *Cutter* made a couple of years for Extemporary Dance, and here much sharpened as to its impulse and dance-edge.

Also on the programme was Siobhan Davies' *Rushes*, whose cast seemed lightly stunned by events and wore sullen, novocained expressions throughout.

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Ungainly sort of bull

FIVE YEARS ago today, Wall *Street turned a corner*. The Dow Jones Industrial Average picked up from a low point of *776.92 and began a rise which* now extends to well over 200 per cent. In the process great *individual wealth has been* created; and as the country's 40m or more individual share-*holders have enjoyed a greater* sense of well being, the rise in asset prices has fed through to *consumer spending. But for* corporate America as a whole, the boom has not been *uniformly healthy.*

In its initial stages the bull market was soundly based. Mr Paul Volcker laid the foundations as early as 1979, when he shifted US monetary policy into a disinflationary gear. He then helped trigger the upturn in stock prices by taking his foot off the monetary brake in summer 1982. President Reagan, in turn, provided fiscal impetus. Not only did the economy *pick up;* the US emerged as the borrower and spender of last resort in an otherwise sluggish global economy.

The problems arose because *the Reagan Administration was* slow to recognise the wider domestic and international *ramifications of its own fiscal* policies. This was especially true of the 1981 taxes act, which was *intended to en*courage industrial investment. Instead it prompted a perverse *chain reaction. Investment sub*sidies led to a big increase in the demand for credit; and as *borrowings rose throughout the* economy, real interest rates increased to the point where huge *sums of foreign capital*, most notably from Japan, were sucked in. The resulting upward pressure on *the dollar*, at a time when US banks were cutting back on the capital out*flow to Latin America, imposed* a savage squeeze on the export sector of the economy. So the *investment boom* was confined to sectors such as commercial property, which were less exposed to currency fluctuations.

Correcting distortions

Last year's tax reform, together with the devaluation of the dollar since spring 1985, have gone much of the way towards correcting these dis*tortions*. But in the meantime the lopsided nature of the recovery has inevitably left its mark on the financial structure. Companies have failed to take advantage of the bull market by issuing new equity with which *to strengthen their balance* sheets and finance new activities. Instead the supply of stock has *actually shrunk considerably*—by some $214bn over the past three years—following *takeovers and stock buy-backs*. As a result balance sheets have deteriorated over the period. *According to Standard and* Poors, the ratio of debt to net worth in all companies outside *the financial sector has climbed* from 1.005 in 1982 to a current level of 1.268.

At the *same time the boom* in stock prices helped set off a great wave of takeovers and *companies* which *have been* anxious to retain their independence have been slimming down *their portfolios* to concentrate on core activities; W. T. Grimm of Chicago reports that *the value of all deals* jumped from $53.7bn in 1982 to $173.1bn in 1986. The number of *transactions valued* at $100m or more jumped from 116 to 346 over the same period, while the number of divestitures climbed by more than two fifths to 1,259.

Insider dealing

All this activity has been accompanied by an unprecedented outbreak of arrests for insider dealing. Many of the *deals* have been of questionable industrial logic. And the growth *in* borrowing, which has *been further* encouraged by the development of junk bonds, raises awkward prudential *questions* both for investors and regulators.

What will be the lasting *legacy of the past few years?* In the final analysis, the economic justification for any bull market *is that it reduces the cost* of capital, thereby contributing to an upturn in real investment. This is now badly needed in the US export sector, *not least because a key conse*quence of the distortions built into fiscal policy earlier in the decade is that the US has emerged as the world's biggest *debtor. That debt must now* be serviced from increased export earnings. It is desirable, then, that a stable flow of foreign capital facilitates the move to a *healthy new phase* in the bull market and that US monetary policy does nothing in the meantime to throttle a profits-led investment upturn.

Labour looks at voting reform

ELECTORAL REFORM is beginning to appeal to Labour *Party workers who see little* chance of victory at the next general election while the opposition to Mrs *Thatcher's* Conservatives remains divided. Some 23 resolutions backing the *idea* of introducing a system of proportional representation to Britain have already been placed on the agenda for the party conference in Brighton next month.

This suggests that morale is low *inside* the *mainly southern* constituency parties that have put the resolutions forward, rather than *that there has been* a sudden upsurge of constitutional puritanism. For the essence of the case *in favour* of reform—that under the present first-past-the-post system the parties do not win seats *in* proportion to the votes cast—has not changed. In this year's election Labour won *rather* more than a third of the seats on less than a third of the vote, while the Liberal-*SDP* Alliance captured comforatably over a fifth of the vote, but about a fortieth of the seats. *The Tories were the main* beneficiaries.

Again, the principal case against reform—that British *politicians do not* love coalitions—remains the same. What has happened, clearly, is that *the ability of the* Conservatives to win a large majority of seats in the House of Commons on *the basis of a total vote in the* low to mid 40 per cent range has now been demonstrated three times. *The penny is* beginning to drop.

Not encouraging

To achieve an overall majority at the next election the Labour Party would have to gain the support of around half of the *7m or so* people who cast their votes for the Alliance this year —or, failing that, to make up the *difference* with direct converts from the Conservatives. The latter is difficult; as to the former, *it is not possible to* say how many votes the Alliance will lose as a result of its present disarray. The evidence *to date suggests that* such support as it is losing is going mainly to the Government rather than the Opposition. *Thus* the arithmetic is not encouraging for the Labour Party, in spite of the efforts by Mr Neil Kinnock, *its leader*, to modernise it and make it more palatable to a wider electorate.

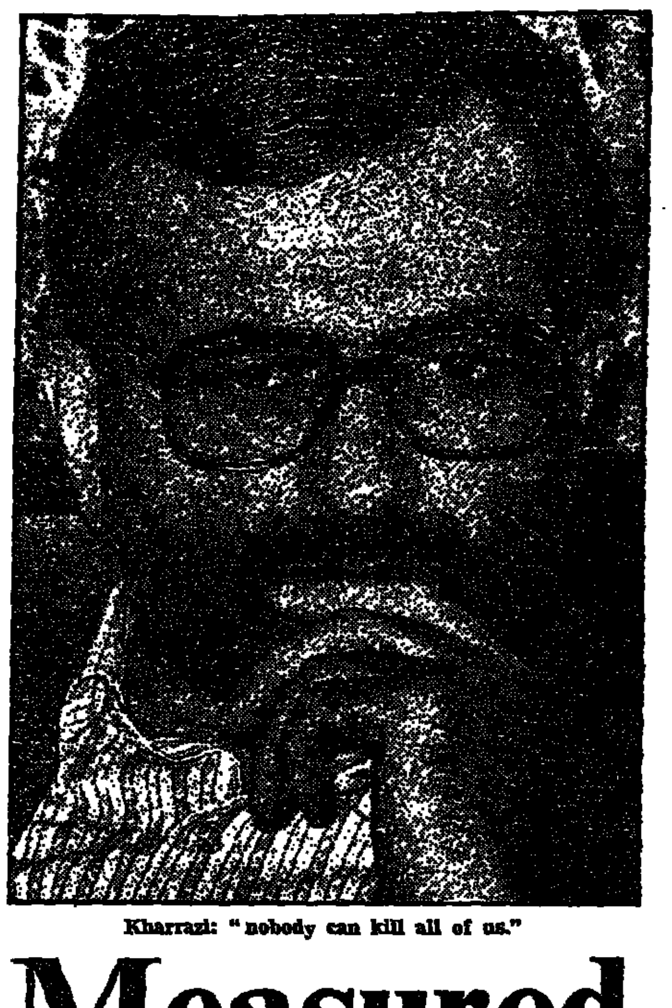
Mr Kinnock is not himself in favour of proportional representation. He presumably takes *the view that a chance of forming* a single-party government is more appealing than the *certainty of a coalition. Even* if he were to become a convert he would have to fight the next election on the existing system. Any change would have to come after that. It would have to be introduced by a coalition: there *is no incentive for single parties* with an overall majority to alter the rules.

Continued jostlings

It is at this point that the flurry of interest in electoral *reform inside the Labour Party* becomes significant. For it remains possible that no party *will win an overall majority* next time around. This is always on the cards when three *strong contenders enter what is* designed to be a two-horse race. You can never be sure of the outcome. *The talk* inside the Liberal Party is already of a possible pact with Labour after the next election. The proponents of a merger with the Social Democrats (or that segment of them that is willing to come along) are beginning to envisage the creation of a fresh alliance that will win *seats* in southern England; these could form the basis of a new deal with Labour. In such *circumstances a Labour* willingness to accept proportional representation as part of the *price that the third party* would exact might make the negotiations run more smoothly.

Such long-term considerations lie behind the continued jostlings among the remnants of the old SDP. It would be as *natural for any rump party* led by Dr David Owen to reach a post-electoral pact with the *Conservatives as it would be for* Mr Steel's counterpart to ally itself with Labour. If Britain already had proportional repre*sentation these calculations* would be a natural part of everyday political life, as they are in most continental European countries. As matters stand, their relevance lies in *the positioning of the parties* against *the possibility* that one day the electorate really will return a hung parliament.

Andrew Gowers talks to Iranian war spokesman Kamal Kharrazi



Kharrazi: "nobody can kill all of us."

Measured tones

"THE IRANIANS are not totally oblivious to*wards* what other countries think," said Mr David Mellor, Britain's Minister of State for Foreign *Affairs*, last weekend as he argued for further international steps to isolate the Islamic republic. "*They are not anything like as* oblivious to international opinion as their more fiery *rhetoric suggests*."

Perhaps so, but such concern is pretty hard to pinpoint *when talking to senior Iranians.*

Iran is now more isolated than ever. Its continued *prosecution of the seven-year*-old war against Iraq stands unanimously condemned by *the United Nations Security* Council; Iran is excoriated for alleged terrorist activities in *Europe; it may be on the brink* of a dangerous military confrontation with a US armada in *the Gulf; and it could be on* the receiving end of a mandatory international ban on *arms sales within a matter of* weeks.

Yet in the eye of the storm, *Mr Kamal Kharrazi seems* a personification of clam. The soft-spoken Mr Kharrazi, 42, is *a member of Iran's 11-member* Supreme Defence Council, the top decision-making body on *the war, and head of the coun*try's so-called War Information Headquarters.

Speaking to me this week in the incongruous setting of Iran's West German embassy *in leafy Bad Godesberg, he* appeared for all the world like a casually dressed Left Bank *intellectual* — he in fact spent several years at western universities, including London and Houston, before *the* 1979 revolution.

Here was none of the demagoguery of Friday prayers in Tehran, none of the bloodthirsty thunderings sometimes heard from members of the Iranian leadership; here was a man trying to explain in apparently logical terms his country's reasons for standing alone against the world, and its view of what is likely to happen next *in the fraught atmosphere of* the Gulf.

If a reminder was needed that we were *discussing a vicious* war being fought far away by two fanatical governments with motives that *sometimes seem* obscure to westerners, it was provided by the muezzin's call to prayer which floated into the room during our conversation.

Iran, he said, had absolutely no desire to provoke a confrontation in the Gulf, and would emphatically not be the initiator of any fresh round of attacks on shipping. It wants peace on terms which "punish" what it calls the aggressor—the Iraqi regime of President Saddam Hussein—and is prepared to cooperate with Mr Javier Perez de Cuellar, the UN Secretary-General, in securing that aim.

Anything short of that is *clearly a domestic political im*possibility, though Mr Kharrazi did praise Mr Perez de Cuellar's *efforts in the past.*

If Baghdad refrained from attacking ships then so would Tehran, he said, and foreign warships would be able to leave the Gulf—thus eliminating what the Iranians (and, incidentally, the Soviet Union) see as the main source of tension.

That, of course, is the fairy-tale version *of the next few* weeks. The alternative sketched out by Mr Kharrazi is a horror *story, comprising a* resumption of Iraqi attacks on Iranian off-shore oil installations and *tankers trading with Iran;* Iranian retaliatory strikes against equivalent targets *belonging to Iraq or Kuwait,* seen by Tehran as Baghdad's most important Gulf ally; and *possible direct involvement* by the US, which is providing naval protection for 11 Kuwaiti tankers.

Iran was ready for either scenario, said Mr Kharrazi, and it was up to the Americans, and *the Iraqi regime they supported,* to choose which one they wanted to follow. He acknowledged, *however, that the Iraqis* seemed likely to start attacking ships again soon, since "*they have always tried to ex*pand this war to other nations and bring Americans to the *Persian Gulf.*"

"We don't think American power would be able to do anything important to us," he said. "Let's say they attack our ports. This is just the same as the Iraqis are already doing. We are prepared *for* it and we are used to it. It's nothing special."

Experts have often suggested *in recent weeks* that Iran would not dare to confront Washington's military might *head-on or to pose* a real threat to freedom of navigation. They have pointed, quite *correctly*, to the pragmatic way the Iranians have behaved in earlier phases of the war, and to Tehran's overwhelming dependence on Gulf export routes to ship its oil.

Both those observations almost certainly hold true today. But it may not be so *frequently realised in the West* just how convinced the Iranians are—or their leaders *have persuaded themselves to* be—of the long-term strength of their position.

Mr Kharrazi came back time *and again to this theme:* the deep-seated Iranian belief that its enemies are all, to varying *degrees, weak or politically* hamstrung; that time and attrition are still on Tehran's side.

Take Iraq, for example. "Nobody can deny," he claimed, "that the Iraqis are in a very bad situation now: in terms of the morale of their soldiers; in terms of their debts; in terms of their *internal* situation. Everything is against them."

Although Iran has conspicuously *failed* to deliver a decisive blow to this allegedly tottering regime, Mr Kharrazi had an answer for that too. He said Tehran has realised in recent months that it cannot topple Saddam in one go, and *that fighting at the warfront is* of limited use; in what would appear to be a significant shift in *tactics, it* was concentrating on building up opposition movements within Iraq, including *the Kurds in the north* and groups such as the Shi'ites in the south.

Then there are Iraq's allies, *including Kuwait and, a trifle* more distantly, the US. The Iranians clearly believe Kuwait —so close to the battlefront and open to subversion from without and within—to be extremely vulnerable. They also see the support which they say the Kuwaitis provide to Iraq—including financial aid, port *facilities, and not least,* airspace to give Iraqi planes access to the Gulf—as quite different *from the arms-length assistance* from Saudi Arabia.

Mr Kharrazi was very careful to draw *a distinction* between the two, although he did repeat Iran's threat to retaliate for the incidents at Mecca nearly two weeks ago, in which hundreds of Iranian pilgrims were killed in clashes with Saudi security forces. Iran claims that this riot was a plot hatched by the *Saudis* and the US to *provide* an excuse for American intervention in the Gulf.

But according to Mr Kharrazi, even the US is not on particularly strong ground. He dismissed current American activities in the Gulf as "propaganda," and said the increase in the US military presence in the Gulf, and its escort operation for Kuwaiti tankers, stemmed from the aftermath of the covert arms sales to Iran which the Americans undertook between 1985 and last year.

"After the McFarlane case (a reference to Mr Robert McFarlane, the former US National Security Adviser who undertook a mission to Tehran), the Americans lost their reputation *in the region*," he *said*. "To regain it, they have to support the regimes in the area that are *for them.*"

The Reagan Administration's weakness, said Mr Kharrazi, was *the fact that its Gulf policy com*manded scant support in Congress and among ordinary *Americans. Those misgivings* would only increase, he believed, if much American blood was *spilt in the Gulf.*

"The Americans would lose much if they were attacked by us *because they would lose* their reputation. You see how they losttheir reputation and capability when the supertanker Bridgeton was hit by a mine.

"We believe that in this war, not everything that the Administration decides would be applicable or practical. The Congress would be against the direct intervention of Americans in the area."

As for Iran itself, Mr Kharrazi pinned his faith on the fact that it has managed so far; that the people's revolu*tionary* zeal seems largely undimmed; and that the sheer weight of numbers—Iran has three times the population of Iraq—works in its favour.

"You know, nobody can kill all of us," he said with a wry smile. "We have (survived) the last eight years, in which no one *has suported us* in the war. We have not asked for a dollar from any other country. We have been able to manage, *and* we have been able to defend ourselves against Iraq and those who are supporting *Iraq. In the future* also, somehow we will be able to continue."

THURSDAY BOOK REVIEW

Secrecy and Power; the life of J. Edgar Hoover

By Richard Gid Powers
Hutchinson £16.95

IT IS OFTEN said these days that the *US civil service is not* what it was. Sometimes this is ascribed to inordinate political influence, sometimes to the competing attractions of commerce and *sometimes to the* ossification that seems endemic in all bureaucracies. Whatever the cause, the best and the brightest often *shine* elsewhere.

A strong case can be made for the proposition that, in this century, the ultimate American *bureaucrat was J. Edgar* Hoover, director of the Federal Bureau of Investigation for exactly one week short of 48 years, until his death in *1972*. This might seem an heretical proposition to those who recall his ruthless pursuit of radicals —from Emma Goldman to the *Black Panthers—or the increas*ingly anachronistic and simplistic views he held of his own country.

But this readable, meticulously researched and conspicuously even-handed biography of America's top cop shows how power can be attained, maintained and expanded *in the face of ever* shifting external circumstances. Hoover served eight presidents, from Coolidge to Nixon, *different men in different times,* and made *himself indispensible* to all of them. He managed this in spite of the powerful enemies *he made, from Louis* Post to Bobby Kennedy. The disapproval of any of them might *have ensured a less* than riveting existence in the Bureau of Printing and Engraving.

This is not, in any sense, revisionist biography of Hoover. It paints him warts and all; mostly it depicts him as a conventional and *totally* consistent man. His values were forged at the turn of the century in, as Mr Powers *puts it*, "southern, white, Christian, small-town turn of the century Washing*ton*" *(he is, along with Duke* Ellington, one of the handful of famous Americans actually to have been *born in the* nation's capital). Sunday school strengthened his beliefs and gave him an *additional sense of* organisation. His values never changed and explain his lifelong mistrust of the unfamiliar, be it immigrants with radical notions, blacks, or those who questioned America's involvement in war.

Yet there was also a chameleon quality behind Hoover's *success as a bureaucrat.* He took over the scandal-ridden Bureau of Investigtaion as part *of Coolidge's drive to make* government more efficient, and he delivered in the name of *efficiency*. Indeed, for all its other faults, throughout his tenure the FBI remained a *well run, if monochromatic,* department. His greatest service to Franklin Roosevelt was as a progressive; by waging successful war *on* the gangsters of the 1930s, he created a legend which was to remain a shield for the *rest of his life.*

Eisenhower basically *left him alone*, as was his wont with men he could trust, even though the most embarrassing moment *in the FBI's history* occurred in 1957 when a local New York detective uncovered what Hoover pretended did not exist—the Mafia. He even ditched a friendship with Joe McCarthy out of deference *to Ike*. To Lyndon Johnson, his favourite president, Hoover was a fixer of problems and a *teller of tales, often scurrilous* ones. The two shared a visceral dislike of Robert Kennedy.

Logically, Hoover should have worked best with Nixon— after all they had collaborated *in bringing down Alger Hiss,* and LBJ had told his successor, in a private note, that Hoover *was "a pillar of strength in a* city of weak men." But Nixon and his gang asked too much *of Hoover, who always tried to* work within the law (he helped crack down on the Ku Klux Klan *in spite of his fear of* black radicalism).

Although the FBI had by this time developed a consider*able domestic counter*-intelligence network, admittedly of dubious legality. Hoover had no *interest in putting it at the* disposal of the Nixon White House. Had his advice been heeded there might never have been a Watergate.

Hoover's worst relationships were with Truman and the Kennedys. *Having started his* career as a hunter of communists — the death of the American *Communist* Party *as* a political force can fairly be laid at his door — he disliked Truman because he *would* not follow through the red hunt of the immediate post-war years. The Kennedys, though, *were* the ultimate generational culture shock, the antithesis of all he stood *for*.

Even worse for a moralist like Hoover, John Kennedy was sexually indisciplined. Hoover ought to have known: he bugged young *JFK in the* wartime when he was consorting with a woman suspected of being a German agent, and again in the White House, with a known *gangster's moll*. The FBI director never married and the author concludes that there is no conclusive evidence whether his lifelong association with *Clyde Tolson*, his deputy, was homosexual in nature.

It is tempting to *speculate* on how Hoover would have got on with the current Administration. He and Ronald Reagan clearly share *many* values, *above all* anti-communism, and Hoover had a sneaking fondness for Hollywood glitz. But Oliver North, it must be assumed, *would have been too much*, just as Nixon's plumbers-to-be were too much. If nothing else, they were all just a bunch of rank amateurs.

Jurek Martin

Men and Matters

Waiting in the wings

When large public companies appoint joint *managing direc*tors *outsiders tend to jump to* the conclusion that a succession contest has begun.

But if that is the case at Cable and Wireless, which yesterday elevated Brian Pemberton and Gordon Owen to this *position*, the choice could take quite a time to resolve.

Sir Eric Sharp, chairman and *chief executive, shows not* the slightest sign of wanting to depart, although he will be 71 on Monday.

Indeed, in operational terms, it is hard to see what the changes accomplish.

Pemberton, 48, and formerly chief operating officer, will continue to have general responsibility for C&W's rambling international empire, while Owen, 49, will still run Mercury, the fledgling UK telephone group where his aggressive style has made a big impact as managing director.

On the other hand, they both receive a promotion, underlying both the general progress of C&W and the rapid growth of Mercury, which expects to break into profit shortly after only a little more than a year of competing in British Telecom's mainstream telephone business.

As for Sir Eric, he will not be detaching *himself* in any way at all from the day-to-day executive management of the company, says C&W.

While he impresses the City with his strategic approach to *the industry, he is also a tough* operations man, as seen in C&W's stubborn pursuit of its plan to establish a *foothold* in the Japanese international communications market despite the bitter local opposition.

"He may be 71, but he is doing a better job than anyone else," says one analyst, "and he certainly lives up to his name."

"Typical City man—won't pll the trigger until the price per brace is right."

Brunel hammered

Who can put a price on one of Britain's greatest engineering legacies?

Next month the Clifton suspension bridge over the Avon Gorge at Bristol, the design of the Victorian engineering genius Isambard *Kingdom* Brunel, will come under the auctioneer's hammer.

Completed in 1864, *five years* after Brunel died, the 1,352-foot-long bridge is expected to realise about *£4m.*

What is going on? Is Mrs Thatcher selling off more of the nation's family silver? Take it easy.

The answer is that following the auction on September 11 the bridge will not change hands.

Although it is to be auctioned as a proper "lot" it is, *in fact, the item which has* been chosen for the 1987 auction competition organised by the Incorporated Society of Valuers and Auctioneers.

Two dozen auctioneers in fine voice from all parts of the country will be controlling the bidding, and trying to achieve the best price for the bridge.

Last year's winner, Bob Marshall of auctioneers Pearce Pope and Sons of Gloucester, who is organising the competition, says, "The Clifton suspen*sion* bridge is such a well-known landmark that we are sure the auction will generate national interest."

Next year Buckingham Palace?

Natural selection

"WE were looking for a strong leader and manager who can act as an entrepreneur," says Ray Saunders, secretary of the British Museum (*Natural* History) in South Kensington.

Saunders says the museum's board of trustees have found their man in Dr Neil Chalmers, a zoologist and dean of science at the Open University.

Chalmers will take up his new £41,000-a-year post as the museum's director next year on *the retirement* of Dr Ronald Hedley, the director since 1971.

The Natural History museum is already undergoing profound changes as a result of the government's wish that such repositories of scientific culture *should become less dependent* on government handouts.

It has drafted a corporate plan and, since April, has had an *income of its own from* charges to visitors to augment the £18m a year voted by parliament.

Chalmers, aged 45, *has* been dean of science at the Open University for two years, and has been with the university since 1970 after a spell as *scientific director of the* national primate centre in Nairobi.

The Natural *History* museum has already achieved a toehold in industrial sponsorship with £250,000 from the UK offshore oil industry.

Not least of the tasks facing Chalmers will be to persuade industry to sponsor science further, with some of the enthusiasm it shows for sport and *the arts.*

Smoke screen

Oh, the dilemmas of a company chairman—even one of Lord Hanson's stature.

"Could future company meet*ings* incorporate a designated No Smoking area?", asked one of the 200-odd shareholders who turned out for the Hanson Trust extraordinary general meeting yesterday, in all apparent *innocence*.

Lord Hanson paused. There was the little matter of the £2.5bn *Imperial Group acquisi*tion a year ago, which to quote Hanson's annual report — brought in "*the only* British-owned leading supplier of tobacco products to Britain's 18m *smokers*."

Lord Hanson recovered. "Being in the smoking business ourselves," he continued smoothly, "it's not something we want to take sides on."

No one in the room, he observed, appeared to be smoking but (was there a touch of *optimism in his voice?*) "I expect that is general politeness."

The no smoking area request will be considered.

Initiative

I was reading in a weekly *paper an account of how* democratic the British army is today.

"This was demonstrated in the Crown public *house* last Saturday when a colonel recognised one of his corporals and challenged him to a game of *darts. The colonel won.*"

You can always trust a British NCO to keep his head in an emergency.

Observer

DE BEERS

Cutting through trouble with a diamond edge

By Stefan Wagstyl

DE BEERS, the company which controls the world diamond market, likes to create the illusion that its power is effortless. But, in truth, it has faced huge difficulties in defending its glittering empire.

The worst is now over — the company last month announced sales for the first half of 1987 close to the record set in 1980. But as a South African company which has extensive dealings with black Africa and the Soviet Union, as well as the West, it is still walking a tightrope.

In the last five years, De Beers has guided the diamond market through its deepest recession since the 1930s; it has simultaneously survived challenges to its near-monopoly of the trade in rough (uncut) diamonds from Zaire and Australia. And it has seen control of the company pass from Mr Harry Oppenheimer, group chairman for 27 years, to his successors, among them his son Mr Nicholas Oppenheimer.

These changes have coincided with profound shifts in the commercial and political relationships at the heart of De Beers' near-monopoly. Since the Second World War, the group has seen its wholly-owned mines in South Africa and Namibia decline in relative importance with the development of mines elsewhere. About threequarters of the $2.577bn (£1.638bn) worth of diamonds sold last year were supplied from joint ventures or from outside the group.

In the same period, the South African-owned company has had to cope with the deepening crisis in southern Africa and with internal changes in the Soviet Union, the world's largest exporter of diamonds. The company has managed all this, while successfully extending the market for diamond jewellery to countries, including Japan, where it was hardly known 20 years ago.

The company was shocked by the recession of the early 1980s, when the price of a top quality polished one carat diamond dropped from more than $60,000 to $10,000. De Beers, which had virtually run out of diamonds in 1980, built up a $1.9bn stockpile buying stones back from bankrupt traders.

The immediate outlook is good. De Beers raised prices twice last year and is expected to do so again in the autumn. Retail sales—up 14 per cent last year to $24.6bn — are not recovering as fast as De Beers' own sales of uncut stones to the trade. But that is to be expected as traders stock up in the first stage of a recovery. Some markets — especially Japan — are unprecedentedly strong. But West Germans and Scandinavians among others have been less enthusiastic than before 1980.

However, De Beers and independent traders believe that as long as economic growth continues at its present pace in industrialised countries, the diamond market is poised for growth in the late 1980s.

Mr Harry Oppenheimer once said people only bought diamonds out of vanity. De Beers, spending $110m a year on advertising, will continue to do its best to encourage them. Japan, which last year accounted for 18 per cent of retail sales, is the classic case of the group's marketing success — the diamond was promoted as a symbol of love but also of tasteful westernisation. De Beers now has hopes of increasing sales to the newly emerging middle classes of south-east Asia.

Although advertising has long been one of De Beers' strengths, some marketing weaknesses were exposed in the recession. One reason the company could do so little to soften the blow was that it had paid insufficient attention to what happened to diamonds once they were sold in the four big cutting centres — Antwerp, New York, Tel Aviv and Bombay.

Too many of the stones were being stored, particularly in Israel, by dealers and manufacturers who were gambling on prices continuing to rise — in effect speculating against De Beers.

The company has now tightened up its operation. It has cut the number of its clients from more than 300 to 185; it has increased market monitoring and has reorganised the management of its own Central Selling Organisation.

Difficulties in dealing with its customers are dwarfed by those it faces with suppliers

Difficulties in dealing with customers are dwarfed by the challenges De Beers faces in its relationship with its suppliers. It is this that will determine the future of the cartel, which accounts for 80-85 per cent of the trade in uncut diamonds. The group is well aware that while suppliers are generally glad of the CSO in a recession, they get restless when the market recovers.

This is the key to the deal which De Beers struck recently with Botswana, the world's second largest producer after the Soviet Union. Under the agreement, Debswana, a 50-50 joint venture between De Beers and the Botswana Government, is selling a stockpile of diamonds accumulated in the recession to De Beers for an unspecified cash sum and 20m De Beers shares worth $200m.

The deal gives Botswana an effective 2.6 per cent stake in De Beers and two seats on the main board.

Even traders hostile to De Beers say the agreement is a coup for the company. The group at once secures the single largest stockpile outside its own; it locks a key supplier into a closer commercial relationship when the market is recovering and when possibilities of circumventing the CSO look tempting.

Any suggestion that Botswana threatened to quit the cartel is denied by the CSO. But the agreement strengthens De Beers' hand against other producers which might try to go it alone, as Zaire did in 1981-1983.

The deal also gives De Beers a strong argument in the battle against anti-apartheid campaigners who might wish to extend economic sanctions against South Africa to include diamonds.

De Beers, like its sister company, Anglo American, considers itself to be on the liberal wing of white South African politics. But its reputation was tarnished last year by a report, by a South African judical commission, accusing the company's subsidiary in Namibia of overmining—extracting maximum short-term output at the expense of long-term production.

However, if the worst came to the worst, De Beers does have a last line of defence: it could move its headquarters out of South Africa. The group says it has not considered such an extreme move. But with 80 per cent of its assets outside the republic it may well have studied contingency plans.

The Botswana Government has refrained from talking about its deal, presumably to avoid antagonising fellow black African states which are sworn enemies of white supremacy in South Africa. Such states have not rushed to condemn Botswana which is dependent on diamonds for its economic wellbeing, accounting for some 75 per cent of the drought-hit country's foreign exchange.

There are no suitable candidates for similar deals. But De Beers' relations with other suppliers are also changing. The company has become more flexible as the relative importance of its own mines has declined. In particular, it is no longer so rigid in insisting that suppliers sign exclusive contracts and sell only through the CSO.

De Beers is in close touch with the Soviet Union, even though the Russians cut direct links for political reasons in 1963 and deliver their stones through intermediaries. The contractual links are secret. But De Beers has always acknowledged the Russians' right to sell polished diamonds independently to the West. The company argues that since it deals in uncut diamonds, it has no reason to complain about Soviet sales of polished stones, even though these account for about half Soviet exports.

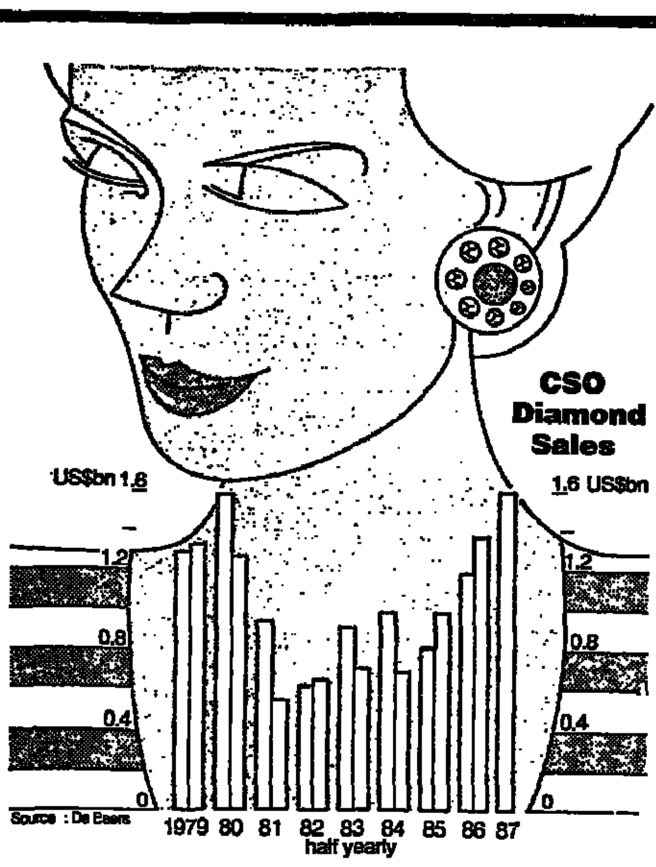
It is possible that under Mr Mikhail Gorbachev, the Russians will want to increase their diamond earnings. They might decide to expand sales of polished stones, which are worth perhaps 20 per cent more than the rough from which they are cut.

But such expansion is unlikely to be pushed to the point at which it might jeopardise the relationship with De Beers. The cartel supports a market which is worth about $1bn a year in export revenue to the Soviet Union.

A better-publicised example of concessions De Beers is prepared to make to producers is its agreement with the owners of Argyle, the big West Australian mine which came into production last year. De Beers' contract does not cover all the Argyle partners—the West Australian state government, with a 5 per cent interest, sells its own stones. For the rest, the CSO does have exclusive rights over gem stones, but the Argyle partners sell 25 per cent of lower quality grades themselves.

It would be wrong to see the concessions De Beers has made as indications that its control of the market is getting weaker. Even if its share of the market slipped a few points from 80-85 per cent, it would still be in a dominant position

But the way that the company controls the market has certainly changed. It has learnt to allow more leeway to cartel members. In return it looks set to continue making money from diamonds for a long time.



Natural Rough Diamond Production
million metric carats

	1982	1986
Australia	—	29.20
Zaire	12.20	20.50
Botswana	7.80	13.00
Soviet Union	12.00	12.00
South Africa	8.90	10.20
Namibia	1.00	1.00
South America	1.25	0.85
Ghana	1.00	0.55
Central African Rep.	0.30	0.60
Sierre Leone	0.25	0.40
Liberia	0.50	0.30
Tanzania	0.40	0.30
Angola	1.30	0.20
Rest of the world	0.10	0.50
	47.05	89.60

Source : Mining Journal

Brana Radovic

JOE ROGALY

Putting Great into Britain

THE FOLLOWING extract from a chairman's statement has come into my possession. Although it is dated January 8 1992, it is understood that the drafting has already been completed, in anticipation of a fourth Conservative victory.

"Since this is the first year of private ownership of British Gas, Rail, Electricity, Airways and Telecom, or GREAT, as we are already known in the markets. I want to report to our millions of shareholders on our exciting prospects for the future. But first I must answer some of the more ridiculous comments that have been made about our company, such as that we are a privately-owned monopoly, or that the consumer no longer has a choice.

Telecom, for example, faced a strong competitive threat from one of its present subsidiaries, Mercury, when it was privatised. It was not the fault of BT, as Telecom was then known, that Mercury saw the logic of a merger in 1990. No commentator with any business sense put forward the notion that it could continue to exist as an independent entity. BT was obliged to come to the rescue, with its bid of a moderate premium of 33 per cent over the prevailing share price. There was talk of referring the take-over to the Monopolies and Mergers Commission of the day, but time was of the essence, as the Secretary of State for Trade and Industry, then Mr Jeffrey Archer, was intelligent enough to recognise. There was, after all, the long-standing precedent of the brief reference that preceded the rescue of British Caledonian by British Airways. Did this do any good? It merely impeded thet foundation of our Airways division, which still faces direct and I must say most challenging competition from British suppliers on 0.01 per cent of its routes.

Since we believe in healthy competition between divisions, Gas and Electricity compete against one another; they must also fight off severe price-cutting by outside, often foreign-controlled, oil companies that operate freely in the general energy market. The position of Gas should, however, be greatly strengthened following the forthcoming privatisation of British Coal, since it is highly likely that the logic of the market will indicate that Coal should eventually become a Gas subsidiary. There is no point in hiding the ambition of the Board of GREAT in that direction. With Rail to transport the coal and Gas to convert it, as North Sea supplies become increasingly uneconomic, we will at last be making an intelligent use of British resources.

I need hardly remind you of the tremendous advantage for Britain of the formation of GREAT. Consumers no longer have to accept the services decided upon by a few anonymous civil servants in Whitehall and their puppet directors on nationalised industry boards. The 1 per cent of our equity that is not carefully safeguarded by our most esteemed institutional investors (at home and in Japan) is spread among so many shareholders that it is fair to say that while every household in the land uses our services, every other one has 10 shares (plus 1 bonus share) in your company. We truly have become a shareholders' democracy.

The picture is not all rosy. For purely short-term political reasons all privatised companies have been saddled with what is colloquially termed a watchdog committee — in our case the Committee of Nobodies. In all honesty I cannot see the value of this body, but CON will persist in its annual reports in which it wrings its hands and says it wishes we would repair our appliances, charge less, or treat customers more civilly. Will it never understand that we have a duty to our shareholders? Does it not perceive that the market *obliges* us to give good service to our customers? The new electronic telephone exchange will be installed in the City of London before the decade is out. Half our trains run on time. Our gas and electricity prices have never moved more than twice as fast as the index of retail prices; often less. And it is not our fault that other nations prevent price competition from taking full effect in international airways."

There is no signature, but a small imprint of a crown is to be found at the page's end.

Letters to the Editor

Pensions and the Finance Act

From the Chairman, Association of Pension Lawyers

Sir,—The Chancellor has introduced a valuable concept in his Finance Act, that pension scheme members can pay voluntary contributions to a provider of their choice (not to be confused with "personal pensions"). The draft detailed rules however are in our opinion unworkable.

The approach to free-standing AVCs, which is contained in paragraph 25 of Schedule 3 to the Act, is in our view entirely misconceived. That is a technical, and not a political, view. It has been expressed to Somerset House several times previously.

If the Revenue is concerned to avoid excessive benefits, this concern can be met by offering an employer the choice, either to provide benefit information and contribution forecasts or to require that voluntary contributions be limited to some chosen figure—say 8 per cent of remuneration. There are many other proposals that could be designed. It suffices that the present proposal suffers two irredeemable defects, both of which were mentioned in committee (of the House of Commons) on July 15.

If the member chooses an investment medium that performs well, the ordinary scale pension under the main scheme abates. That cannot be right.

The administration entailed by monitoring prospective benefits under free-standing AVCs imposes an unfair and heavy continuing cost burden on employers. . . . To have to make (benefit and contribution) calculations in respect of outside providers, with information set out by each in different ways, is to entail a rapid submersion of a pensions department under a mass of quotations.

The principle of free-standing AVCs is right. No purpose is served in the previous requirement that the AVC be part of the employer's scheme. The mistake is to link the benefits. The Revenue can be safeguarded in a number of ways such as that suggested above. In committee of the House of Commons it was observed (by different members) that the present proposals will prove unworkable, unmarketable and "so chaotic and disruptive to the interests of industry that (amendment) will be necessary."

J. D. Seres,
43 Great Marlborough Street, W1.

Share prices and hemlines

From Mr T. Donaldson.

Sir,—I was interested to read Lex's report (August 11) about Professor Charles Goodhart's important new theory that news relevant for stock exchange trading accumulates over weekends and public holidays. I had always thought that the weekend press was filled with sports reports, fashion and leisure items, and stories about the sexual exploits of the clergy. Moreover, I cannot ever recall a UK public company reporting its results on either a weekend or a public holiday.

So perhaps the professor believes that the new City whizz-kids are less interested in relating earnings fundamentals to the market and more interested in the correlation between share prices and the latest trend in hemlines.

T. Donaldson,
7 Stanley Gardens, W11.

Murder on Mondays

From Miss S. Golding.

Sir,—I refer to Lex's remark (August 11): "Stock Exchange trading it appears can be statistically shown to be lower on Mondays and after holidays than on other days."

Could this possibly be because investors have other things to do? Statistics also show that domestic murder in the home appears to be higher on Mondays and after holidays than on other days. I would say this too was an interesting, but unsurprising, fact.

S. J. Golding (Miss).
56, Curzon Street, W.1.

Call the Fund brigade

From Captain T. Clifford

Sir, — The article by Antony Thorncroft (August 8) "Call the Fund Brigade" leaves me intrigued, amazed and confused.

The article was excellently written and outlines the importance of our national heritage—a heritage belonging to and to be enjoyed by every member of this nation. Indeed, I repeat, it is amazing. But confusion appears as illogic outweighs logic. Mr Thorncroft mentions the sale of the "Clifford Papers" — papers held by the family for the nation and entrusted to the Clifford family by Charles II. They were sold in order to preserve another sign of our heritage, another of our magnificent buildings and their interiors: Ugbrooke.

The Historic Buildings and Monuments Commission stated that exterior/interior repair of Ugbrooke House would cost about £1.25m. Surely the Heritage Trust, if not directly through a grant, might have considered the indirect approach — purchasing the Secret Treaty of Dover papers for the nation for a sum that would make a significant contribution to a house open to the public to view and learn from?

(Captain) T. H. Clifford.
Ugbrooke Park,
Chudleigh, Devon.

High interest rates

From Mr P. Fletcher

Sir,—The pound is only sustained by interest rates considerably higher than those of our international competitors. Industry needs lower interest rates to compete successfully at home and abroad. High interest rates have an inhibiting effect on the supply of goods as well as money and are therefore a repressive rather than a curative measure as far as inflation is concerned. If we can't make a break for lower interest rates, improved productivity and lower unemployment, with a concomitant reasonable rate of inflation, when the economy is reasonably strong as now, when can we?

P. G. C. Fletcher.
Sunny Mill,
Mill Lane,
Runcton,
Nr. Chichester, Sussex.

Bottom of the gallop poll

From Mrs A. Bragg.

Sir,—As a rider in Rotten Row very many years ago I was most interested in the article by David Lascelles, "Bottom of the gallop poll," in the Weekend FT of July 25 I would like to give him some "perfectly good reason" why his ride at £12 a head was not "the best bargain in town."

It is virtually impossible for a profit to be made nowadays out of a livery stables. Horses are expensive creatures; they eat a lot, require new shoes (probably £20 a time) every month, and regular veterinary attention. Mr Lascelles says the Blum establishment was a "dirty, ramshackle place with peeling paint and cramped stalls." Presumably the premises are rented and there is no money available to improve them. Mr Lascelles also said the girls in charge were "full of smiles . . . but hopelessly disorganised." Only girls such as these can be persuaded to dedicate their lives to horses for next to nothing a week. Mr Lascelles says he feels "this sort of thing would be organised much better in other European capitals." I can assure him that having seen similar establishments in Paris, Rome and New York the horses at Blum stables are fortunate. Recently I visited several Hanoverian studs in West Germany, where horses are an important industry, and I was upset to see the conditions in which some of them were kept.

(Mrs) Anthea Bragg.
Hideway,
St George's Road,
Sandwich, Kent.

Bullfighting as artistry

From Mrs T. McLoughlin

Sir,—Mr Anthony Montague Browne's astonishingly arrogant letter (August 8) serves only to prove the writer's total ignorance of the bullfight.

The fighting bull, or toro de lidia, to give his correct title must not be dismissed as a mere "grass eating animal." Here is the result of years of selective breeding, resulting in the most ferocious, most dangerous, most splendid animal whose courage has been proved two or three years before he reaches an age to enter the bullring.

A true afficionado goes to the bullfight to see and glory in a display of courage and mobility under duress, anyone privileged to witness a truly brave bull, played and killed by an artistic and honourable matador cannot fail to be moved and inspired by this unique event.

But perhaps it is only us "witless and vulgar people" who are fortunate enough to have minds which can stretch sufficiently to embrace a foreign culture?

As to the writer's reference to Sir Winston Churchill, I rather imagine that, had the great man been born a bull, he might have preferred to fight for his life (if only to lose it) in hot blood, rather than take his place in the endless queue, of a slaughterhouse and wait meekly for the ignominious end common to all meat cattle.

And if the injuries to the picadors' horses are so horrific, how is it that many of them serve season after season, well fed, and seemingly none the worse for it, it is true that the horses are tranquilised before the fight, this surely is a merciful gesture. I have run hunting and livery stables for many years and I have seen more cruelty to horses in this country than anything I have encountered in Spain.

Let Mr Anthony Montague Browne criticise that which he understands.

(Mrs) Toni McLoughlin.
38, Higher Brimley,
Teignmouth, Devon

FINANCIAL TIMES
Thursday August 13 1987

Colina MacDougall reports on efforts by Peking to curb rural birthrates

Reforms send Chinese population soaring

CHINA IS alarmed at its soaring population, which if unchecked, could approach 2bn people by the year 2050.

Despite its success with the 'one-child family' policy, another 14m mouths were added last year to the 1985 total of 1.05bn and a further 15.9m are expected in 1987. If this rate of increase continues, it will upset Peking's calculations for improving living standards.

The current population target is 1.2bn by the year 2000, with the figure settling at around 1.4bn in the 2030s or 2040s. But this looks increasingly unattainable.

One major factor is that 40 per cent of rural women have had three or more children in the past few years, the China Daily reports. In 1986, second births reached 6.9m and third births 2.9m.

Another factor is the number of women born in the 1960s baby boom years who are now reaching child-bearing age. Peking has always been aware that this would pose a problem, but the rise in babies is aggravated by new pressures for bigger families. These are generated by the rural reform policies which mean that larger households earn more money.

China's most populous province, Sichuan, expressed concern earlier this year about its growing population. It attributed it to the new peak of women reaching child-bearing age, a big increase in early marriages, a wider spread of couples permitted a second child and a fair number of unplanned births slipping past officialdom.

Picture by Glyn Genin

Smiling new faces of China ... last year 14m were added to the 1985 population of 1.05bn

Jiang Minkuan, Sichuan's governor, has promised much closer checks, stricter examinations and more serious application of the rewards and penalties system. But these are not easy to implement.

Peking concedes that the more remote the area, the harder it is to control births. This is a problem since China's fringe regions consume the biggest subsidies. Qinghai, a vast province of mountain and desert with a still tiny population, already receives huge sums from the central government. Its reported 34 per cent increase in births last year will mean a growing drain on the national budget.

There are fines for parents who bear more than their quota of children, but these have become less meaningful now that more hands can be profitably occupied in the rural agricuctural sectors or in light industry. Peasants have also become adept at concealing pregnancies to avoid official pressure to abort.

Traditionally, a large family with many sons has represented security. Girls were seen as weak workers, and according to custom, they left their parents when they wed and so provided no support for their old age. Consequently, when the first-born was a girl, there was strong pressure to keep trying for a boy. Where officials resisted, there were outbreaks of female infanticide.

Two years ago Peking agreed partly to relax the one-child policy. Now nine out of China's 29 provinces allow couples with a girl to try again. The non-Chinese minorities whose populations are relatively small have always been given some leeway. Thus numbers have gone bounding up - in Guangdong province last year, third (or later) children totalled nearly 500,000.

Peking now seems likely to toughen its policy. The country will need to produce at least an extra 80m tons of grain a year to feed another 200m by the year 2000, the China Daily has calculated.

With gains in agriculture now more difficult to achieve as the boost from the 1979 reforms tails off, China will have problems achieving that without shifting resources from other sectors.

In addition, China's family planning programme has come under international scrutiny. The US has withheld funds from UN population programmes helping China, accusing Peking of esorting to coercion and forced abortions to keep families small. Zhang Pei, deputy director of the publicity department of China's family planning commission, admits that some local officials have used coercion, but he says they will be disciplined. 'China has always opposed forced abortion,' he says.

Premier Zhao Ziyang, speaking on Chinese TV recently to mark the UN's 'Five Billion Day', when the world's population hit that figure, expressed confidence in Peking's family planning programme.

He said the country would be able to keep to its maximum level of 1.2bn people by the end of the century if it stuck to its policies...but social and economic pressures seem to be making that goal increasingly unlikely.

THE LEX COLUMN

Are you being served?

Any feeling of sympathy for Sir Phil Harris must be short-lived. Although it takes some courage to confess in public and shoulder responsibility as he did yesterday, the revelation that profits this year will be down by as much as a quarter on last - to about half the more optimistic forecasts for the current year - requires better explanations than were forthcoming. Can Harris Queensway's management really not have known until around the time of Mr Peter Carr's departure two weeks ago that its new-formula Queensway stores, introduced progressively from February, were just not turning over the stock fast enough to make profits? By the annual meeting in late June there had apparently been no inkling of the troubles which now require major stock write downs and will cause a loss in the subsidiary.

Certainly Harris Queensway's management controls have been lamentable. But they have been blamed before now for problems - such as the loss in the electrical division last year - which must have had a more fundamental cause. The failure to provide a divisional breakdown has also obliged investors to take a good deal on trust. After yesterday's announcement they should not do so again.

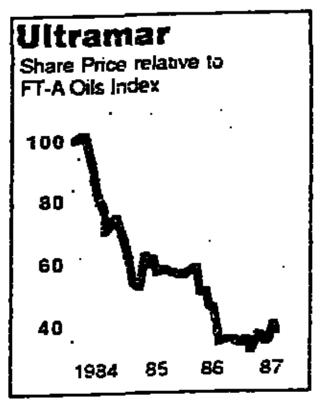
That still leaves Harris Queensway's shares, down 31p at 165p yesterday but well below earlier levels, looking overvalued on trading grounds. On the company's worst-case forecast of £32m, the prospective multiple is nearly 20. On a maintained dividend the yield is 4.8 per cent. The only hope at this price is for a bid; but between GUS's 23.4 per cent stake - pledged to refuse an offer unless more than 50 per cent of shareholders accept - and Sir Philip's holding of around 15 per cent, a hostile bid could struggle to succeed.

Commercial Union

As with Halley's comet, few who last saw a quarterly profit in the US from Commercial Union are still around for this appearance. Yet the achievement of a second quarter surplus of £600,000 in the US, helped by unusually kind weather, is cause for rejoicing. No one now can even half-seriously suggest that CU is going bust. Even more gratifying for long-suffering shareholders is the 20 per cent interim dividend increase.

CU still has a lot of leeway to make up on its competitors and will miss out to some extent on the good part of the US underwriting cycle this time round as it continues to pay for its past errors. Yet it has demonstrated in the UK that it can run an efficient insurance business. And if continental Europe can be built into another such, the savagery of the US cycle should not have the same impact on CU again.

If the total net dividend reaches 16p (13p last year) the prospective yield is 6 per cent with the shares at 361p, up 2p yesterday. With the comfort that such a payout would be covered by the far more stable life profits and the prospect of another good increase next year, CU's fan club might now start to extend beyond the income funds.



Ultramar

Although Ultramar's share price has staged a recovery of sorts this year - it closed yesterday 6p up at 290p - the basis for its valuation is still deeply obscure. The interim figures confirm the growth of a respectable refining and distribution business in Eastern Canada, and Indonesian earnings should rise sharply when the Taiwan LNG contract starts in 1990. But the market is now divided between those who urge a valuation on p/e and yield, as for an integrated oil major, and the unconverted who still look to asset value.

In any case, asset valuation is a subjective business. If the figure ranges above 350p per share, as supporters argue, the chief question would seem to be whether the management can close the price gap through improved earnings, or whether Mr Ron Brierley with his 13 per cent stake will do it for them. It is less clear, on this hypothesis, why the company was not snapped up long ago; and if - as is also argued - the figure is in fact nearer to the book value of around 240p, Mr Brierley could find his stake hard to shift.

The earnings picture, at least, is clearer. Some 18p per share should be achievable for the current year, with the full year dividend something over 8p net, compared to the peak payout of 10.5p two years ago. But the resulting p/e of 16 and yield of 3 per cent bear little relation to Ultramar's history or prospects. The argument for its recovery and independence has plainly yet to be clinched.

Smith & Nephew

The Smith & Nephew growth machine purrs onward with such cool precision that the margin of error on most brokers forecasts is rarely more than £200,000. The only unexpected news at yesterday's half year results was the decision to reduce the disparity between the interim and final dividends (which may not be quite as generous as it seems assuming an income tax reduction at the next Budget). Thanks to the predictability (though not transparency) of 20 per cent earnings growth, the shares have moved in line with the market since the middle of 1984. But they retain the healthy premium they acquired before that date, and only marginally lag a health and household sector boosted by the pharmaceutical giants.

The company was perhaps a little slow getting into the US, along with several others in its sector. But fears that the Richards buy would come unstuck in the face of increasing competition in the hospital supply sector have been misplaced, and tax advantages have been an unexpected benefit. Group margins continue to creep up, thanks to the move into more sophisticated niches and the latest US disposal. And the momentum should be sustainable, notwithstanding the squeeze on hospital budgets, given that Smith is still a relatively small player in many of its markets. However those who complain that such consistent growth deserves even higher reward are likely to remain balanced by their opposite numbers who believe it to be over-rated relative to the drug companies.

Sandinistas start to implement peace plan

BY DAVID GARDNER IN MANAGUA

NICARAGUA'S left-wing Sandinista government has started to implement the provisions of last week's Central American peace plan, inviting the Roman Catholic church hierarchy and opposition parties to name their candidates for the National Reconciliation Commission envisaged in the accord.

At a ceremony on Tuesday evening, President Daniel Ortega presented Cardinal Miguel Obando and opposition leaders with copies of the peace plan, signed in Guatemala City last week by Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica.

The plan calls for a National Reconciliation Commission to be set up in each country, with a representative and deputy named by the government, the church, the political parties and independent notables. In the case of the political parties, the government selects the candidates from the lists the opposition provides them with.

All 11 of Nicaragua's legally registered parties attended the ceremony, covering a spectrum from far left to the right, and including the rump of the Coordinadora Democratica Ramiro Sacasa, the internal seed-bed for much of the political leadership of right-wing contra rebels fighting to topple the Sandinistas.

The Guatemala plan requires signatory governments to open a dialogue with "unarmed internal opposition groups." It calls for wide-ranging amnesties, and the full restoration of freedom of the press and rights to organise politically. This would be overseen, during the initial 90-day implementation period which is supposed to lead to ceasefires across the region, by the national commissions.

The peace plan's start-up inside Nicaragua was in danger of being overshadowed by an event which captured the attention of Nicaraguans of all persuasions: at the Panamerican Games in Indianapolis, Nicaragua was yesterday due to meet the US at baseball, the national sport here. The contest was being approached with some nervousness since Nicaragua was defeated earlier in the week by Canada.

"Sunk by the Pitcher" complained a headline in the Sandinista Front newspaper Barricada which jostled to lead the front page with the peace plan story. At least as much analysis inside focused on the shortcomings of the Nicaraguan pitchers as on the comments of President Ortega and Cardinal Obando.

British share ownership surges

By Janet Bush in London

SHARE ownership by British adults has risen almost to the levels of the US although the proportion of the UK stockmarket directly owned by individuals continues to fall.

A survey conducted last year by the Institute for Fiscal Studies found that more than half held shares in just one company, with less than a fifth owning shares in four or more.

This has occurred at a time when the Conservative Government has made the privatisation of many parts of British industry a cornerstone of its policy.

The telecommunications and gas industries are among industries privatised since Mrs Margaret Thatcher, Prime Minister, took office in 1979, together with companies such as British Airways and Rolls-Royce.

The institute found that about 19.5 per cent of UK adults hold shares, compared with 20.1 per cent in the US, 18 per cent in Canada and 6 per cent in Japan. But the latter figures are boosted by indirect holdings through mutual funds.

Mr Paul Groot, an economics professor who prepared the article published in the institute's journal, said of the UK: "The interesting feature of the recent growth in share ownership is that although it involves a surprisingly large number of people, it is almost as thin as it possibly could be."

Between 1963 and 1981, the proportion of the UK stock market directly owned by individuals fell from 54 per cent to 28 per cent, a decline almost entirely accounted for by the growth in large institutional shareholders

This proportion continues to drop as the value of shares owned directly by individuals is not rising as rapidly as the value of shares owned by institutions.

Mr Groot concludes that it is difficult to assess the long-term trend of wider share ownership. While many small shareholders are still holding their shares in privatised companies, it is difficult to judge whether they are likely to become holders of more shares in the future.

It is possible that, given high transaction costs for the small investor entering and leaving the market, the individual holder is simply a passive investor.

"If this is the case then the widening of the share base may stop as abruptly as it started, once there are no more major assets to be privatised."

Chernobyl continues to haunt UK sheep farms

By Bridget Bloom in London

THE UK Government has imposed new restrictions on the movement and slaughter of sheep because of continued high levels of radiation caused by the explosion at the Chernobyl nuclear reactor 15 months ago.

The restrictions cover 69 upland farms in Scotland and involve 124,000 sheep. They came into force at midnight last night.

However, the Government insisted last night that, while radioactivity in the soils and sheep was higher than the permitted levels today, no contaminated animals had been slaughtered for human consumption.

Emergency restrictions were first placed on sheep farms in Britain in June last year, following intensive monitoring in the wake of the Chernobyl disaster at the end of April.

At that time, some 7,500 upland farms, with an estimated 4m sheep, were involved.

The restrictions had been progressively lifted as radiation levels fell, officials said. Currently 564 farms in England, Wales and Scotland are restricted, involving just under 560,000 sheep.

According to Ministry of Agriculture experts, the restricted farms in Scotland are all on very poor peat soils which lack the minerals to "lock-up" the radioactive caesium and make it unavailable to grazing animals.

Hill farmers have been particularly worried by the restrictions, although compensation, to date amounting to some £4.5m ($7.06m), has continued to be paid.

Scandinavian bridge link talks

Continued from Page 1

Similar in magnitude to the Channel Tunnel between England and France, both schemes have previously been hindered by domestic political disagreements and difficulties between Stockholm and Copenhagen.

The report of the Oresund working groups will now be examined by Government and opposition parties in Sweden and Denmark prior to formal negotiations being opened between Copenhagen and Stockholm.

The present political complexion in the Danish and Swedish parliaments is thought to be favourable to an Oresund link, but no decision is likely to be taken before the Danish general election which must be held by January.

The Swedish transport ministry forecast that the number of passengers crossing the Oresund could rise from around 22m a year at present to 30-35m by the year 2010.

The volume of goods transported is forecast to double from five to 10m tons a year by the year 2000. The report says that the Oresund and Great Belt links would halve the rail transport time for goods from Sweden to the continent.

It is planned that both the Oresund and Great Belt links would be debt-financed with state guarantees and would be paid for through a system of tolls based on the current ferry charges.

Mr Niels Busch, managing director of Great Belt Link, the company formed by the Danish Government to build the Zealand/Funen bridge and tunnel, said yesterday that the first tenders for the engineering consultancy for the initial rail tunnel section had been issued, along with pre-qualification tenders for international construction groups.

The Great Belt link should be ready for rail traffic in 1993 and road traffic in 1996.

Iran threatens to attack minesweepers

Continued from Page 1

one of them this week. This will entitle British officers and seamen working on tankers in the area to have their salaries doubled or to opt out of working there without losing their contracts.

At the United Nations, Iran has made its first detailed response to the UN Security Council's three-week-old ceasefire order. It neither accepted nor rejected the resolution, but offered to co-operate with the Secretary-General in mediation efforts. The US and Britain are pressing for an international arms embargo on Iran in the light of its refusal to accept the ceasefire call.

Meanwhile, Iran has said it has shifted its tactics in the Gulf war towards fomenting opposition within Iraq rather than seeking to defeat the Baghdad regime with a major offensive on the battlefield.

Dr Kamal Kharrazi, a member of Iran's Supreme Defence Council and head of its War Information Headquarters, said in an interview with the Financial Times in Bonn this week that Tehran had realised it could not achieve victory with a grand offensive on the warfront, and was focusing instead on a war of attrition involving conventional fighting as well as the organisation of increased resistance within Iraq.

If confirmed, this could be a significant switch in Iran's war tactics, designed to capitalise on what Tehran sees as a potentially unstable political situation in Iraq.

BP unveils £1bn development plans

Continued from Page 1

ressing this important development. In order to achieve our objective of first oil in 1991, we are now starting the process of letting contracts for engineering design."

The plans have been discussed extensively with the department, so it is not expected that official approval for the project under the Annex B procedure will cause delay.

The Miller development, in 100 metres of water some 170 miles north-east of Aberdeen has, like all similar projects, been the subject of a comprehensive cost-cutting exercise in recent months. Reductions in the weight of the main platform and other economies have reduced costs by about £300m from previous estimates to less than £900m, BP says.

The progress on the Miller project, which will be welcomed by hard-pressed construction yards in the North East and Scotland, follows the announcement by Shell that it has applied for Annex B consent to develop the Kittiwake gas field.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	28	82	Malta	S	37	99	Rhodes	S	31	88
Algiers	S	41	106	Edinburgh	C	17	63	Manchester	R	17	63	Rio de Jo	S	23	73
Amsterdam	S	18	64	Faro	F	25	77	Manila	S	34	93	Rome	S	29	84
Athens	S	33	91	Florence	S	31	88	Melbourne	S	13	55	Salzburg	C	16	61
Bahrain	S	41	107	Frankfurt	F	22	72	Mexico City	S	27	81	San Francisco	C	21	70
Bangkok	S	33	91	Funchal	S	25	77	Miami	R	34	94	Seoul	C	29	84
Barcelona	S	31	88	Geneva	S	25	77	Milan	S	26	79	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	C	25	77	Montreal	R	23	73	Stockholm	F	18	64
Belfast	R	15	59	Glasgow	C	18	64	Moscow	C	15	59	Strasbourg	F	23	73
Belgrade	S	24	75	Guernsey	D	16	61	Munich	C	20	68	Sydney	F	16	61
Berlin	S	18	64	Helsinki	F	18	64	Nairobi	C	22	72	Taipei	C	35	95
Biarritz	S	25	77	H. Kong	S	30	86	Naples	F	31	88	Tangier	F	25	77
Bombay	F	33	56	Innsbruck	C	21	70	Nassau	R	33	91	Tel Aviv	S	34	93
Bordeaux	S	28	82	Inverness	C	17	63	New Delhi	C	37	97	Tenerife	S	27	81
Brussels	F	20	68	Islamabad	S	42	108	New York	R	28	82	Tokyo	S	30	86
Budapest	C	22	72	Istanbul	S	29	84	Nice	S	27	81	Toronto	R	19	66
B. Aires	C	19	60	Jakarta	S	34	93	Nicosia	S	39	102	Tunis	S	40	104
Cairo	S	36	97	Jersey	D	19	66	Oporto	S	28	82	Valencia	S	31	88
Cape Town	C	14	57	Jo'burg	S	20	68	Oslo	S	19	66	Venice	S	25	77
Caracas	C	28	82	Lima	-	-	-	Paris	S	23	73	Vienna	F	20	68
Casablanca	F	25	77	Lisbon	S	26	79	Peking	F	30	86	Warsaw	F	16	61
Chicago	S	27	81	London	C	17	63	Prague	F	18	64	Washington	F	26	79
Cologne	C	22	72	Los Angeles	C	30	86	Reykjavik	F	13	55	Zurich	C	21	70
Copenhagen	F	15	59	Luxembourg	F	21	70								
Corfu	F	30	86	Madrid	S	35	95								
Dallas	S	26	79	Majorca	S	36	97								
Dublin	C	17	63	Malaga	F	30	86								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Strikes paralyse S Korean car industry

Continued from Page 1

nomic growth is not jeopardised.

Widespread strikes began soon after President Chun Doo Hwan's ruling party yielded to opposition demands for the introduction of real democratic reforms after strong popular pressure and a string of student-led demonstrations in June.

The industrial unrest, which appears to have little political motivation, has been simmering for a number of years but few strikes were reported by the controlled press. Labour disturbances on the present scale were last seen in 1980 before the military coup that brought the current regime to power.

Fresh strikes added to industrial tension yesterday as some major disputes were resolved, but many more sprang up in what appeared to be an unco-ordinated outburst of demands for better pay.

Mr Choi Chong Yoon, the Information Minister, said disputes at 213 companies remained unsettled and 670 companies have been affected since the unrest began in July. However, the Labour Ministry said it had no clear picture of which companies were affected because as soon as one dispute was resolved others sprang up.

The car industry, which produces 700,000 vehicles a year and was gearing-up for a major push into the US market is among the sectors hardest hit. The industry, comprising five carmakers, has been brought almost to a standstill by strikes among auto part suppliers.

Despite settlement of a strike at the country's second largest producer, Daewoo Motor Co, the company said yesterday that it had postponed a resumption of operations until after Friday

INTERNATIONAL APPOINTMENTS

Rubbermaid names president

RUBBERMAID, Ohio-based manufacturer of plastic and rubber product for home, institutional and commercial markets, named Mr Walter W. Williams, 53, senior vice-president of marketing and sales of General Electric as president and chief operating officer.

Mr Williams will succeed Mr Robert E. Fowler Jr., who has left the company, and is also expected to be the successor to Mr Stanley C. Gault, Rubbermaid's chairman and chief executive, when he retires in 1991.

After the resignation of Mr Fowler, Mr Gault made it clear he felt Rubbermaid needed a chief executive with a marketing background.

Mr Wolfgang R. Schmitt, 43, was named executive vice-president.

★

NORTHROP, US defence aerospace contractor, appointed Mr Robert G. Schlenzig, 61, as corporate vice-president and general manager of its troubled electronics division.

Mr Schlenzig succeeds Mr Gene Hauser, who was removed from his post last month because the division had fallen seriously behind schedule in delivering guidance systems for the MX missile and had been accused of circumventing Pentagon procurement procedures.

Armacost to join Merrill Lynch, San Francisco

BY RODERICK ORAM IN NEW YORK

MR SAM ARMACOST is to join Merrill Lynch 10 months after he resigned under pressure as chief executive of BankAmerica Corporation, the struggling US banking group.

He will join the Wall Street firm's San Francisco office as a managing director working with large west coast corporate and industrial clients on investment banking matters.

Merrill Lynch also plans other uses for Mr Armacost's wide experience and contacts he built up at home and abroad during his 25 years at BankAmerica, said Mr Barry Friedberg, Merrill Lynch's managing director in charge of investment banking.

Mr Armacost, 48, will work with two other managing directors and 12 other officers concerned with investment banking in the San Francisco office. All three managing directors will report to senior officers in New York.

Joining BankAmerica as a credit trainee in southern California in 1961, Mr Armacost rose rapidly through the ranks to become president and chief executive in April, 1987. His amiable personality and open management style were in sharp contrast to those of his predecessor Mr Tom Clausen who left to head the World Bank.

Mr Armacost moved swiftly to put right imbalances which had developed under Mr Clausen. The bank lagged far behind its competitors on automatic teller machines, for example. But despite some notable successes, Mr Armacost failed to get to grips with BankAmerica's mammoth bureaucracy

BankAmerica's performance has deteriorated steadily, leading last autumn to a takeover offer from First Interstate, an aggressive Los Angeles-based banking group. BankAmerica's board rejected the bid and forced out Mr Armacost in October, replacing him with Mr Clausen.

Despite selling off bits of the empire, notably the Charles Schwab discount brokerage house, Mr Clausen, like Mr Armacost, has failed so far to take the drastic steps analysts consider necessary to restore the group's health.

Chief for US cable network

VIACOM Inc's MTV Networks unit named Mr Thomas Freston president and chief executive officer.

The company said Mr Freston, who has been president of MTV Networks' Entertainment division since September 1986, would oversee the four cable television programming networks consisting of MTV Music Television, VH-1/Video Hits One, Nickleodeon and Nick at Nite.

The company said Mr Freston had shared the president's duties with Mr Robert Roganti, who resigned.

★

XEROX, US reprographics group, said chairman and chief executive officer Mr David T. Kearns would assume the additional post of chairman of the executive committee on September 1, when Mr C. Peter McColough, 65, retired from active management.

Mr McColough, who is the former chairman and chief executive, remains on the board.

★

PROCTER & GAMBLE, the cosmetics and detergents multinational, announced that Mr Lawrence D. Milligan, vice-president food products division, had been elected vice-president sales, Europe, effective immediately.

Time, Inc in series of job reshuffles

BY OUR FINANCIAL STAFF

TIME INC, the US publishing house, announced a series of job changes. Mr Gilbert Rogin, who had been managing editor of Discover magazine from October 1984 until Time sold the magazine to Family Media last May, will become a corporate editor of Time, reporting to editor in chief Mr Henry A. Grunwald. He joins Mr Ray Cave as one of two Time corporate editors.

Mr Peter Carry, executive editor of Discover for the last two years, will return to his position as executive editor of Sports Illustrated.

Mr Richard B. Stolley, formerly managing editor of People, Life and Picture Week, will become director of special projects for Time. In this newly created position, he will function as the creative liaison responsible for developing and coordinating projects that cut across Time Inc's various magazine, book and cable television programming operations.

CRA appoints director

CRA, Australia's biggest mining house, appointed Mr Denis Horgan, chairman and chief executive of the Barrack House Group of companies in Perth, Western Australia, as a director.

Mr Horgan is an active businessman and has served on a number of government bodies, including the Australian Industry Development Corporation, Australian Broadcasting Corporation, Aussat, Australian Manufacturing Council, Australia/Japan Foundation and the CSIRO.

He said the bank received its initial funding from money managers T. Rowe Price, the investment bank Alex. Brown and Sons, First Interstate Bank of California and investors tied to the R. K. Mellon family. Mr Conway said the firm would focus on leveraged buyouts and real estate investments.

★

ELDERS (Switzerland) Investment Management, Neuchatel, appointed Mr Jacques B. Schuster, 62, to the board effective as of June 1987. The company is part of Elders IXL, the Australian financial services, brewing and resources group.

Mr Schuster was with the Federal Banking Commission in Bern from 1967 until his retirement. As head of the department responsible for the activities of Swiss investment trusts, Mr Schuster was also responsible for authorising new banking activity in Switzerland during the past ten years.

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Candidates should be qualified accountants with an understanding of financial institutions and current regulatory requirements. They should have the experience and personal qualities to be a credible contact of the bank to the Bank of England and other regulatory authorities. Ideally, they should have more than five years' post-qualification experience.

Please write in confidence to Jane Woodward, quoting reference I3565.

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Opportunities in Tax

Amoco (UK) Exploration Company, a subsidiary of Amoco Corporation – one of the world's largest energy companies – is the operator of five U.K. North Sea oil and gas developments. New positions have been created in the Tax Department for a Senior Tax Advisor and Tax Accountants.

Senior Tax Advisor

We invite applications from qualified Accountants, Solicitors or Inspectors of Taxes who have a minimum of five years corporation tax and petroleum revenue tax experience.

Reporting to the Tax Manager you will be involved in tax planning for existing and projected developments; advising on tax legislation and assisting in negotiations with the Oil Taxation Office on outstanding issues. Good communications skills and a creative outlook are essential.

Tax Accountants

We are interested in receiving applications from newly qualified Accountants or those in the final stages of qualifying. Experience must include preparation of corporation tax computations and exposure to petroleum revenue tax would be an added advantage. You will be numerate and have the ability to quickly assimilate and interpret all aspects of tax legislation.

Initially, you will be responsible for preparation of petroleum revenue tax and corporation tax computations including corresponding with the Oil Taxation Office.

A first class salary will be offered commensurate with experience. Benefits and conditions are those normally associated with an international oil company.

Please write with full details to:

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**Mrs L. T. Nee,
Employee Relations Department,
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Telephone: 01-927 2238.**

Financial Controller

South West London — to £30,000 + Car

Our client, is the UK trading subsidiary of a major supplier of pipes, valves and fittings to various industries in the energy sector. They are currently recruiting a Financial Controller to head up their Finance function and become a key figure in the overall management of this £9M turnover company.

Responsibilities include the management of five staff in all aspects of financial control, including financial and management accounts, treasury, purchase and sales ledgers, credit control and development of computerised systems.

The company has plans to maintain its growth through its existing product range and through further diversification. The Financial Controller will be closely involved in evaluating various alternative areas for expansion.

The successful applicant will be a qualified accountant, aged 30-40. Ideally you will have experience within an oil or construction services company. A working knowledge of French would be a distinct advantage.

Interested candidates should write, enclosing a comprehensive curriculum vitae and a daytime telephone number, quoting ref 440 to **Philip Rice MA ACMA,
Executive Division,
Michael Page Partnership,
39-41 Parker Street, London WC2B 5LH.**

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The company is offering salary packages from £12K-£21K dependent upon qualifications and experience, together with very attractive benefits including relocation where appropriate.

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Closing date for applications: August 27th, 1987.

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Working closely with the Financial Controller and other Senior Executives, you will handle a wide variety of work including annual budgets and statutory accounts, monthly management accounts, taxation planning and ad hoc projects, some of which will involve trips to overseas subsidiaries.

Probably 25/30, you must be a fully qualified Accountant with commercial acumen and proven ability to work to tight deadlines. Equally important are the flexibility, personality and initiative needed to join a highly motivated team.

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It is against that successful background that we have now created several new openings in our Group Finance function.

Financial Reporting Manager

Heading a small team, you will be responsible for maintaining all aspects of the Group financial reporting system. This will include reviewing the format and timetable for information reporting, making recommendations for data processing systems developments and controlling the issuing of reports to the Group Board.

We are looking for an accountant (preferably ACA) with an interest in computer based management information systems and a minimum of 3 years post qualification experience, ideally gained in the profession or in a Group reporting role. In addition you must have the commitment and organisational ability to ensure that reporting deadlines are consistently achieved.

Divisional Controller

You will be one of a team of Divisional Controllers, with a brief to monitor the financial performance of operating companies and to provide independent assessments to the Group Board. This will involve working closely with the Divisional Managing Director and Group Accountant, to ensure financial results are fully analysed and reporting procedures are maintained.

This post, which offers excellent prospects for a later move into line management, calls for a qualified accountant with 2 years post qualification experience and a background in either commerce or the profession.

Taxation Manager

This is an excellent opportunity for a taxation specialist to play an influential role in the establishment and development of a new function within the Group Finance department. Reporting to the Executive Director — Tax and Treasury, you will be responsible for the corporation tax affairs of all Dowty UK companies, with particular emphasis on Revenue enquiries and improved tax planning.

The need is for a qualified accountant or equivalent not just with proven experience and an up-to-date knowledge of corporation tax, but also with the drive and initiative to make a success of the role.

Financial Accountant

Working in a computerised environment and with the assistance of a small team, you will be responsible for preparing consolidated financial reports for Group Management. You will be expected to ensure that reporting timetables are adhered to, and to use your technical reporting skills to validate consolidated financial information.

To be considered you should be a qualified ACA or ACMA, in your mid twenties, with up to 2 years post qualification experience.

In all cases you can look forward to an excellent working environment, genuine career development prospects and a competitive remuneration package, including relocation expenses where appropriate.

For an informal discussion please telephone our Personnel Manager, Colin Wood on 533422 (0242).

Applications should be made by writing to him with full CV at Dowty Group Services, Arle Court, Cheltenham, Glos. GL51 8TP.

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Your role will involve budget preparation, variance analysis, computer development, co-ordinating divisional management information and giving presentations to senior management.

You will be aged 23-29 and will have achieved at least level II of ACCA/ICMA and will be seeking a high profile position.

Ref: CG0486

Operations Supervisor
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Your role will involve co-ordinating the operations of a key financial accounting department, requiring the supervision of 7 staff and streamlining the computer system.

You will be at least 25, a part qualified accountant, skilled in administration, with previous supervisory experience and a proven record of success in computer development.

Ref: CG0487

Client Accounts Supervisor
c£15,000+ substantial benefits

Your role will encompass negotiations with senior executives relating to income control, the review of new directives, extensive computer involvement and managing three staff.

You will be at least 26 with an analytical and enquiring mind and an accounting background.

Ref: CG0488

If you are committed to progressing your career in a stimulating environment, please write to or telephone Sarah Adcock, Manager, Accountancy Division on 01-256 5041 (out of hours: 01-981 5963).

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The Project Accountant will report to the Group Finance Director, who has created this role and views it as a fundamental link in the expansion plans. The successful candidate will tackle the investigation and integration of newly acquired companies, their balance sheet appraisal, computerisation projects, and streamlining of existing systems. Travelling throughout the South-East, working to tight deadlines at high speed, this position offers excellent future opportunities.

Candidates will be qualified, under 30, with two years' pertinent experience. They will demonstrate a record of achievement in a computerised environment and an appreciation of the strong communication and analytical skills required in a fast expanding company.

Applicants wishing to discuss this position further should phone, or write to, Rod Leefe at the address below.

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Heading up a small but effective team and reporting to the Group Financial Director, the successful candidate will take full day-to-day responsibility for the accounting function, including production of annual financial statements for group companies and regular monthly management information for the Board. Other responsibilities will include ad hoc planning exercises and company secretarial duties.

Applicants should be Chartered Accountants who have gained several years sound financial accounting experience in a progressive commercial environment. Previous property experience is desirable, though not essential, but you will be expected to demonstrate a mature self-assured approach, the ability to gain the confidence of the Board and the ambition and potential to succeed the current Financial Director in due course.

Please write, in confidence, with full career details, quoting ref C7358, to Paul Carvosso.

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Brown & Root

Qualified Accountants — London

Brown & Root is one of the world's largest engineering and construction companies. It has worked offshore in all of the major oil and gas producing areas, and has been instrumental in the design and construction of over half the platforms and pipelines for North Sea Oil and Gas production.

In line with the Company's forward strategy, they are currently seeking to strengthen their Head Office Accounting Division with the following senior appointments:

Financial Manager
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Reporting to the Senior Administrative Manager for Brown & Root Construction, and supervising a team of twelve, this position would provide responsibility for the Company's management reporting functions throughout Europe. There will be considerable exposure to multi-currency contracts and the selected candidate will be expected to assist in the preparation of business plans as well as the development of the accounting function.

Management Accountant
£ Excellent + benefits

Reporting to the Divisional Chief Accountant and supervising thirteen members of staff, this key position would give responsibility for the day-to-day accounting function, including all facets of overhead accounting, control of internal labour cost distribution and accounts payable management. There will be participation in annual budgeting development of management systems.

Candidates, preferably aged between 27-35, should possess a recognised accounting qualification (ACCA, ACMA, or ACA) and be able to combine sound financial accounting experience with a willingness to work within a dynamic and commercial environment. You will currently be working in industry or commerce and experience in the engineering/contracting sector would be an advantage.

Interested applicants should contact Gerald Whiting on 01-831 2000 or write to him enclosing a comprehensive curriculum vitae at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting ref: 2090.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Director Designate

Financial Futures

Central London — £35–40,000 + Car

Our client, a rapidly expanding financial and commodity futures related company, is seeking to recruit a Financial Director Designate.

The requirement is for a highly intelligent, qualified accountant who will readily understand and contribute to the overall management of a unique and complex business. Initially, you will be involved in developing systems and controls within the financial area. Once established, you will maintain responsibility for financial control and reports and will play a key role in the overall management of the business as part of a three person management team.

The company envisages the possibility of a Stock Exchange listing in the not too distant future thus experience in this area would be an advantage.

The successful applicant will be able to demonstrate a first rate academic background in addition to a shirt sleeves approach and an aptitude for hard work and commitment. You will be aged 28-40 and almost certainly have experience in the financial futures or commodities field.

The remuneration package is negotiable and will include a bonus and the prospect of share options in the future.

Interested candidates who meet these requirements should write, enclosing a comprehensive curriculum vitae, to Philip Rice MA, ACMA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5HL, quoting ref: 439.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Young Accountants

financial analysis and systems control

London — £20–25,000 + mortgage etc

Our client is one of the major forces in the financial services sector with substantial and wide ranging interests, many of them market leaders.

The further development of its group management accounting function has created key roles for two qualified accountants aged mid 20s. Both positions will provide extensive experience of financial analysis and control with exposure to advanced technology.

One will concentrate on the preparation and monitoring of budgets and development of new forecasting techniques. The other will be heavily biased towards systems control, ensuring that new systems meet user requirements and assisting with specifications for further developments.

Requirements for both include good communication skills and accounting experience gained in a large organisation. The systems role calls for experience of systems development and control.

Future career prospects are extensive.

Please write with full career details or telephone David Tod BSc FCA quoting reference D/635/PF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

FINANCE MANAGER & FINANCE EXECUTIVE
ASSET FINANCING AT THE SHARP END – LONDON

To stay at the forefront of worldwide communications today requires the development and proper exploitation of frontier technology, deploying the very latest earth stations, satellites, fibre optics, submarine cables etc, all controlled by specially designed state-of-the-art computing systems. These form the core of our assets. The function of financing these assets is a major task – both in size and complexity.

Within the world of high technology, few companies can match the breadth and depth of Cable & Wireless. In no less than forty-five countries, worldwide, the Cable & Wireless Group is the clear leader in national and international communications.

We are now looking for two people, who could possibly be working currently in a banking environment or for a multi national of similar status, to play key roles in our financing team. The people we are looking for will have strong personalities and have an attention to detail that will enable them to 'argue their case' at the highest levels. Candidates must be able to communicate effectively, both within and outside the Group, as they will be heavily involved in decision making to obtain the most cost-effective financing for major capital expenditure.

Both the Manager and the Executive should be familiar with a broad range of asset-based financing techniques. The Manager will also be expected to have extensive experience of application; and ideally should have a practical knowledge of capital markets, commercial paper programmes and aid support programmes worldwide. The Executive may have more limited experience in some areas.

You should have an honours degree or business degree specialising in finance, whilst an MBA, ACT, or recognised banking qualification, would be an advantage. As you would expect, the job involves the use of computer based systems, so a familiarity with P.C's is important.

The salary and fringe benefits packages are open to negotiation, based on your individual experience. The relocation package will be similarly generous, for those who require it.

To find out more about these challenging careers, please phone 01-405 4980 (24hrs) for an application form or write with career details, quoting ref: 367/FT, to:
The Recruitment Manager, Cable & Wireless plc,
Mercury House, Theobalds Road, London WC1X 8RX.

Cable and Wireless
Helps the world communicate

Programmes Manager
(Regional Treasurer)

Wessex Regional Health Authority is looking for an experienced CCAB qualified accountant, to take up a uniquely challenging assignment, which couples *Regional responsibility* for financial management with participation in the corporate management of the Region, via membership of a five-man General Management Team, reporting directly to the Regional General Manager. The Programmes Manager also has personal responsiblity for organising a wide range of planning and operational programmes, managing approximately 130 staff through a number of senior managers

Wessex RHA is responsible for the provision of health services to a population of almost three million people in the counties of Hampshire, Dorset, Wiltshire, the Isle of Wight and part of Avon and Somerset. RHA headquarters are located in the historic City of Winchester, which has excellent communications by rail and motorways to London and the South Coast.

The ideal candidate will have had relevant experience at a comparable senior level in the National Health Service or another large public or private organisation.

The salary offered is at least £25,000 per annum, with considerable scope for negotiation above that figure to a person having the necessary corporate skills to undertake the very significant general management responsibility associated with this key post. Other benefits include provision of a Crown lease car and excellent pension and holiday benefits. Suitable relocation arrangements will be made if necessary.

Letters of application with c.v. should be sent to the Regional Personnel Manager, Wessex Regional Health *Authority, Highcroft,* Romsey Road, Winchester, S022 5DH, Hampshire, by 3rd September 1987.

WESSEX REGIONAL HEALTH AUTHORITY

City Treasurer
c. £34,000

Coventry's City Treasurer Arnold Morton, presently President of the Chartered Institute of Public Finance & Accountancy, retires at the end of October, 1987.

Coventry has for decades been renowned for the quality of the accountancy and financial management and advice provided by successive city treasurers and their staff.

To quote a recent Audit Commission Report on Coventry's Management – "The Department has a tradition of high quality work . . . It is also part of Coventry's culture that the Treasurer's staff are involved in all major issues at an early stage, and his opinion carries much weight in final decisions."

We are looking for an individual of exceptional ability and personality who will continue and develop this tradition of excellence.

Someone who can do so in the toughest financial and managerial climate the City has ever faced.

Someone who can help the Council achieve more with less resources, can help the City rebuild its economic base, and can help the authority survive and thrive in the new era of compulsory competition and the enterprise culture.

Coventry has long been known for preferring a corporate, rather than departmental approach. We are looking for someone who will work effectively as part of a team, but who knows the difference between "corporate" and "consensus", someone who can form a close knit partnership with the Chief Executive.

And someone who can do all this in a situation where his/her own department and resources are subject to perhaps even greater financial pressures than the authority as a whole.

The successful candidate will be a professionally qualified accountant with extensive, senior level experience of working in an intensely political environment. He or she will be a good communicator, used to working under pressure and politically aware/sensitive.

Coventry City Council is a metropolitan authority with an annual gross revenue expenditure of over £300m and capital of £45m. The City Treasurer also acts as Treasurer to the West Midlands Passenger Transport Authority which has expenditure of around £60m p.a.

For an application form and further particulars please telephone or write to the Head of Manpower Services, Christchurch House, Greyfriars Lane, Coventry, CV1 2QL – telephone 0203 25555 ext. 2521.

After studying the details, prospective candidates are invited to contact Bob Tarr, the Chief Executive, on 0203 25555 ext. 2020, if they would like an informal discussion before making formal application.

Closing date: 4th September 1987.

We welcome applications from men and women regardless of disability, race or marital status.

TELEPHONE NOTE: To improve its service to its customers Coventry City Council is installing a new, Coventry made, G.E.C. Reliance digital telephone and data exchange – as a result, as from 2nd September, the Council's main telephone number will be (0203)833333

City of Coventry

International Banking Operational Review

City of London c£25,000 + full banking benefits

Our client, an international banking operation, was founded in the early 1900's and has played a significant part in helping to establish the City of London as a major world wide financial centre.

Since its formation, the Bank has expanded considerably, culminating in a balance sheet valuation of £2.3 billion at the end of 1986.

The Bank, in line with other major financial institutions possesses a stringent operational review function. They now wish to appoint a Deputy Manager for this department. This position would be more attractive to a young qualified accountant who during his or her training period has gained first class experience of working with Banking/Financial organisations.

Interested applicants should write, enclosing a full C.V. and quoting reference number 13/20 to:-

AGB Executive
173 SLOANE STREET
LONDON SW1X 9QG

Williams Lea Group

Chief Accountant
South Coast c£20,000+Car

Guardian Card Systems Limited, a fast-expanding member of the Williams Lea Group, located at Lewes in Sussex, produces high security plastic cards for credit and banking transactions, identification and access control systems.

It now requires a dynamic qualified accountant aged 25-30 with good industrial experience to help it grow. Responsibilities include period and statutory reporting, the preparation of short and long term plans, systems development and commercial input for decision-making.

Candidates should come from a manufacturing background, possess good costing and management information systems experience and have the personal qualities to make a significant contribution to a young and enthusiastic management team.

Please reply in confidence with a comprehensive curriculum vitae *including details of current earnings and a daytime telephone number to* D. E. Shribman.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

FINANCE DIRECTOR
HOLLIS plc

West of England c£28,000 + Car

Hollis plc, a substantial and rapidly expanding industrial conglomerate, seeks a Finance Director for the major company within its Engineering subsidiary, Stothert & Pitt, based at Bath. The company manufactures cranes and contractors' plant and carries out major engineering projects.

Responsibilities cover all aspects of financial control and reporting, including the development of management information systems relevant to a manufacturing environment, as well as a significant commercial role in the company's development.

The successful candidate will be a qualified accountant aged 30-35 and is likely to have a strong shop-floor background including standard and contract costing systems. They will also have the ability to communicate well at all levels.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a daytime telephone number to **D. E. SHRIBMAN.**

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Group Financial Accountant

N E London c. £20,000 + car

Our client, a leading British FMCG manufacturing company, is now seeking a Chartered or Certified Accountant.

The Group Financial Accountant, who reports to the Finance Director, is responsible for the Group's Financial Accounting, Currency Accounting and Credit Control and other areas including Purchase and Sales Ledger, Wages and Salaries.

The position demands public practice or basic commercial experience, a high standard of technical competence including some experience of consolidation and the ability to manage up to 8 staff, with computer support.

The salary package includes a number of benefits *normally associated* with a company of this size.

Applicants who feel they meet the requirements of the job, should write with a detailed cv to Mike Swaine, quoting ref: FT/13/8, at the address below. Please state clearly companies you do not wish your application to be forwarded to.

B&B
[illegible] & Bowles Selection
197 Knightsbridge, London SW7 1RP.

FINANCIAL CONTROLLER
LINX

C. £25,000 + CAR

Linx Printing Technologies is a new name in the package *printing* industry, involved in the development of advanced ink jet printers.

The Company is seeking to recruit an experienced accountant (ACA, ACMA) who will have gained significant post-quaification experience in an industrial or commercial environment. The successful candidate will be responsible directly to the Managing Director for the design and development of all the financial control systems, in what will be a rapidly expanding Company.

In addition to his responsibilities for the total finance function the Financial Controller will be expected to contribute, as an equal member of a young and aggressive executive management team, to the overall strategic development of the Company. A board appointment could be anticipated as a result of successful performance in this position. The employment package offered will include the option of equity participation.

Applicants should write with a detailed CV to:

E. A. Richardson
Linx Printing Technologies Limited
33 Stephenson Road, St. Ives, Huntingdon
Cambs PE17 4WJ

FINANCIAL CONTROLLER
DIRECTOR DESIGNATE
circa £20,000 + benefits

We are a rapidly expanding young Company in the office furniture industry. We have our sights firmly fixed on a market flotation within the next five years and we are seeking a young, enthusiastic, hi-tech orientated financial controller with either chartered or certified accountancy qualifications to guide us to our goals in a controlled and business-like fashion.

The successful applicant will be between 26-36 years of age, have a strong business flair and be adept in devising workable analytical systems and have the strong desire to become totally involved in *our* business.

Apply in writing with full curriculum vitae to:

Retained Recruitment Consultant
Matthew Jackson
Qubix Limited, 9 Whitefriars Estate,
Tudor Road, Harrow HA3 5TD

Qubix Limited
Office Systems Furniture

FINANCIAL CONTROLLER
MANCHESTER
c£18,000 plus BONUS plus QUALITY CAR

PB Hire Services, part of the Mowlem Group, has rapidly established itself as a market leader in the supply of plant and ancillary equipment to the construction industry throughout the U.K. In line with our commitment to continued growth we now wish to appoint a Financial Controller at our *Head Office in Manchester.*

Reporting to the Finance Director, and supported by a staff of 12, you will ensure strict financial controls throughout the company, in addition to supervising various accounting functions such as cash flow, budgetary planning and control etc. Particular emphasis will be placed on computerised accounting techniques and the use of spread sheets.

Aged 25-35 and a qualified accountant you will have *relevant financial* experience at a senior level, combined with the commercial awareness necessary for a key position of this kind. Career opportunities within the Company are excellent.

Please apply in writing to the Personnel Department
P. B. Hire Services, 2nd Floor, Circle House
Lostock Road, Davyhulme, Manchester M31 1SU

PB HIRE SERVICES

FINANCIAL CONTROLLER/ DIRECTOR POTENTIAL

Indian Passport Holder

N.E. INDIA

Our client, a blue chip and rapidly developing UK multinational seeks a Financial Manager for the company's tea estates in N.E. India.

Plantations are one of the company's main businesses, and this role is seen as crucial in terms of bringing a substantial subsidiary in line with new requirements for information from Group Head Office in London.

Accordingly, in addition to overall responsibility for all accounting for the estates, the role is biased towards the modernisation of systems and upgrading the quality of reporting, including the specification, implementation and development of computer systems. The role reports to the General Manager and controls the accounting staff on the estates.

The successful candidate will have potential to become Finance Director within three years.

Candidates, aged 30-35, will possess a UK accounting qualfication (ACA or ACMA), have experience of the specification and implementation of computer systems, and *must* be Indian passport holders. An excellent remuneration package includes a generous salary, accommodation and car.

Please apply directly to Sarah Bowe at Robert Half, Freepost, Roman House, Wood Street, London, EC2B 2JQ. Telephone 01-638 5191, evenings 01-254 4871.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
LONDON · BIRMINGHAM · WINDSOR · MANCHESTER · NEW YORK & 85 OTHER CITIES WORLDWIDE

Assistant Financial Controller

Insurance Broking : Europe

to join the London headquarters management team of Alexander Stenhouse Europe Limited, a rapidly developing member of Alexander & Alexander, one of the world's largest insurance broking groups. The responsibilities will be varied embracing both financial and management accounting, computerised systems improvement, budgets, international consolidation and reporting and occasional project work throughout Continental Europe. Career prospects are excellent. The appointment calls for a qualified accountant, probably an ACA in his or her mid 20s, who may already have left the profession and is keen to succeed in the service sector. Salary c. £20k plus bonus, car, BUPA. Please write, in confidence, with full career details to A. W. B. Thomson; as adviser to the company, at Selection Thomson Ltd., 115 Mount Street, London W1Y 5HD.

Selection Thomson
London and Glasgow

FINANCE DIRECTOR

Hull **c£25,000 + Car**

Hollis plc, a substantial and rapidly expanding industrial conglomerate, seeks a Finance Director for its Hull-based subsidiary, which is the leading contract supplier of industrial and educational furniture.

The requirement is for a qualified accountant aged 28-35 to take responsibility for financial control and reporting, systems development and business planning.

The successful candidate will have the ability to develop costing and financial information using micro computers and to play an active role in the profitable development of the business.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a daytime telephone number to D. E. SHRIBMAN.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

F.D. Designate

Expanding Young Company

to £25,000 + car *London*

Alderwick Peachell & Partners Ltd was launched in March 1987 and is already established as a leading finance and accountancy recruitment consultancy. With substantial city backing, it is our intention to go to the USM within 3-4 years.

We now seek an ambitious accountant capable of success, hard work and tackling the problems associated with rapid growth. Involved in decision making and business planning you will take complete control of finance, administration and company secretarial functions.

In return we offer increasing involvement and rewards commensurate with a key company position, to include company car and share participation.

Applicants aged 28-36, must be qualified and will have experience of staff control, micro computers and have exposure to small companies.

Contact CAROLINE GRIFFITHS on 01-404 3155 at ALDERWICK PEACHELL & PARTNERS, 125 High Holborn, London, WC1V 6QA.

Alderwick Peachell & PARTNERS LTD

Centre for the Exploitation of Science & Technology (C.E.S.T.)

Chief Executive

Goddard Kay Rogers & Associates have been retained to assist in the appointment of a Chief Executive for C.E.S.T. This is a new national body which is being established to identify scientific developments with commercial potential, and market opportunities which demand a scientific input. The purpose is to improve Britain's performance in exploiting the results of its outstanding record in scientific research and development.

The centre will be independent of government and led by industry. It will bring science, industry, business investors and government together to monitor scientific R & D and developments in world markets; form judgements on what holds promise of commercial exploitation; find better ways of linking scientists, manufacturers and commerce so that ideas are translated into saleable goods and services; encourage industry and investors to keep scientists and researchers in touch with the needs of the market and commercial opportunities.

Applications are invited from scientists and engineers with wide experience of the management of science and technology, who will probably be well-known to industrial management. Suitable candidates will have had academic and industrial experience, and ideally will be reporting at board level on strategic options and investment choices and managing the technical resources of a company. Experience of government relations and of international markets is important. Age above 40.

A five year appointment is envisaged or possibly a secondment for a lesser period. A substantial remuneration package by industrial standards is available.

Write in the first instance to the Advertisers, Austin Knight Advertising, 17 St Helen's Place, London EC3A 6AS quoting reference C382/BRS/87.

Austin Knight Advertising

CHARTERED ACCOUNTANT

c.£19K + Car + Exc. Bens.

Central London

Our client is a publicly quoted property development and investment company with an enviable reputation in the market place. Its policy of continued expansion has created the need to recruit another member of the finance team reporting to the Finance Director.

The position will give the selected candidate the opportunity to become involved in all aspects of the organisation's finance function including financial and management reporting, group taxation, budgeting and forecasting.

Candidates should be recently qualified Chartered Accountants with strong interpersonal skills and the willingness to take on early responsibility in a rapidly expanding organisation.

Applications in strict confidence with full c.v. to Charles Austin under ref: A059, at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 01-488 4114.

DIVISIONAL FINANCIAL PLANNER

SOUTH BUCKS

£23,000 pa plus Incentive **Executive Car plus Generous Benefits**

The Industrial Division of Bunzl plc is an autonomous profit centre with operations in the UK, USA and continental Europe. The combined activities of the division generate an annual turnover of c. £150m and include plastics processing, speciality paper manufacturing and film laminating and conversion. Profits are growing at over 50% p.a.

Internal promotion creates this opportunity to join a small divisional team as Number Two to the Finance Director. The key responsibilities cover investigative accounting, acquisition analyis, competitor analysis and monthly reports and consolidations. Additionally, this person will carry the prime responsibility for promoting the development of information technology with the Division.

This role will appeal to a young ambitious graduate accountant with a sound commercial understanding and a developed interest in I.T. and computer applications. Working at a very senior level, the successsful candidate will possess strong communication and interpersonal skills, together with functional abilities of a very high order.

The job carries an excellent compensation package which includes an incentive bonus of up to 25% annual salary. Additionally, the growth of Bunzl plc provides very real career development opportunity.

Please reply with the fullest career and personal details to:

R S Alderton
Personnel Director
Industrial Division
Bunzl plc
Stoke House
Stoke Green, Stoke Poges
Slough SL2 4HS
Telephone: 0753 693693

BUNZL

Bunzl plc
Industrial Division
Stoke House Stoke Green Stoke Poges Slough Berks SL2 4HS

PARK

Financial Controller

Accounting for your success . . .

Slough **c.£25,000 + CAR + BENEFITS**

As the Financial Controller of a company within an expanding British Group in computer peripherals, you can expect to enhance a growth-rate that rocketed from £11 to £17.5 million in a single year.

You'll be a qualified accountant, aged between 25 and 38, diplomatic, and looking for an exceptional career opportunity.

Reporting to the Financial Director, your responsibilities will include Financial and Management Accounting, Treasury Management, and Credit Control.

A familiarity with Lotus 123 or Financial Spreadsheet Modelling and a basic experience of the computer industry would be distinct advantages in this challenging and commercially-orientated role.

In return we offer an outstanding benefits package, a well-established and progressive working environment, and the opportunity to effectively consolidate your experience to date.

Please contact William Ling on 01-380 0323/0454 for a completely confidential discussion, or write to him, in confidence and enclosing your CV, at Park Sales & Management Consultants Limited, 174-176 North Gower Street, London NW1 2NB.

Are you a newly qualified Accountant and/or have you experience within the Finance Sector?

Two challenging vacancies have arisen within our business development group. We are looking for candidates with an accountancy background or experience within the financial services sector be it banking, building societies or the securities industry. The successful applicants will be involved with the development of Corporate Strategy and investigation of new opportunities, through feasibility and business studies. Based in South Cheshire, the company provides computer services to areas throughout the finance industry. We offer a competitive salary with benefits which include subsidised BUPA, Pension Scheme and free Life Assurance.

For an application form please contact:

Mrs Lesley Thompson, Personnel Administrator
NMW COMPUTERS PLC
Stapeley House, London Road, Nantiwch, Cheshire CW5 7JW
Telephone: 0270 626023 Ext 2249

Internal Auditor

up to £20k + benefits + overseas travel

Raytheon is one of the world's foremost advanced technology companies with a $7bn plus turnover and 70,000 employees worldwide.

We are looking for an Internal Auditor to work in a small audit group. You will be required to evaluate internal operating controls and to review financial and management operations, including special investigations. The position is based in London with extensive travel, mainly in Europe and occasionally in the Middle East, Far East and the USA.

The role calls for a newly or recently qualified accountant (preferably with a large international firm) who is self-motivated, possesses good interpersonal skills and is willing to work hard.

The job provides ample scope for rapid understanding of the company's business, and career development prospects into line management positions are excellent.

Write with full CV and daytime telephone number (strictest confidence observed) to:
Angela Kramer,
Raytheon Overseas Ltd,
31 Davies Street,
London W1Y 1FN.

Raytheon

RECENTLY QUALIFIED ACCOUNTANT

City — Negotiable Package Including Substantial Banking Benefits

A leading merchant bank urgently requires a recently qualified accountant to join their specialist management accounting team.

Reporting to the management accountant, the successful candidate will take over responsibility for collating costing information from which the bank's management accounts, budgets, financial accounts and tax computations are produced. Other aspects of the position include the day to day monitoring of departmental requirements, continual assessment and development of computerised accounting systems, cost analysis and control, provision of various ad hoc management information.

Successful applicants are envisaged to be 25-28 years old, graduate Chartered or Cost and Management Accountants with practical experience in micro based spreadsheets and proven ability to communicate at management level. Being one of London's major merchant banks and a member of the accepting houses committee, our client can offer an established career and training programme which will set your feet firmly on the road to a senior management position if you have the necessary drive and commitment. To apply, please write with a copy of your curriculum vitae to Antony Dunlop.

ANTONY DUNLOP
ACCOUNTANCY RECRUITMENT CONSULTANTS
18 JERMYN STREET LONDON SW1Y 6HP
TEL: 01-439 6171 ⊖ PICCADILLY

ASSISTANT FINANCIAL ACCOUNTANT to £16,000
FINANCIAL DEVELOPMENT MANAGER to £17,000
WALLINGTON, SURREY

Ambitious, dynamic, achievers, age 25-35, part/fully qual, with at least 3-5 years commercial experience. Ideally in a retail environment, required for two newly created positions within the Head Office of a fast-moving subsidiary of a Multi-national company consisting of 73 retail outlets nationwide.

Having tripled in size over the last few years and with further substantial expansion plans this company can offer continual challenge and exceptional career development to the successful applicants.

For further information telephone or write to:
Sue Palmer, Superdrive Motoring Centres Ltd,
44 Wallington Square, Wallington,
Surrey SM6 8RG, Tel: 01-773 1124

SUPERDRIVE

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in our issue of Thursday 24th September, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single column centimetre; special positions are available by arrangement at premium rates of £52.00 per scc.

GUIDE TO RECRUITMENT CONSULTANTS

Entries in the Guide will be charged at £65.00 which will include company name, address and telephone number and additional information will be charged at £12.50 per line.

For further details please contact:

Louise Hunter
Appointments Advertisement Manager
on 01-248 8000 ext 3588
or 01-248 4864

FINANCIAL TIMES
Europe's Business Newspaper
London · Frankfurt · New York

FINANCIAL TIMES
Thursday August 13 1987

FCC ruling denies GenCorp renewal of broadcasting licences

BY JAMES BUCHAN IN NEW YORK

GENCORP, the Ohio-based conglomerate which is radically slimming down its operations, faces a steep new obstacle to disposing of its RKO General broadcasting business after an administrative law judge stripped the company of all its radio and television licences.

In a stinging indictment of financial and other irregularities he found at RKO, Judge Edward Kuhlmann at the Federal Communications Commission on Tuesday denied the company licence renewals for its two television stations and 12 radio stations scattered between Boston and Los Angeles. The judge said that no case ever decided by the Washington licensing authority presented "dishonesty comparable to RKO's."

GenCorp's stock price, which fell $2¾ on Tuesday, slid a further $2¾ in early trading yesterday morning. The group, which in June sold its General Tire business to Continental Gummi-Werke of West Germany, said yesterday that it would immediately appeal the decision to the full commission.

Mr William Reynolds, chief executive of the Akron-based conglomerate, called the judge's decision "extraordinary, unprecedented and unjustified."

GenCorp yesterday portrayed the decision as just "one step in a long process" stretching back 20 years, but it is bound to be a serious obstacle to the sale of RKO, which Wall Street believes could be worth over $500m with licences and very little without them.

The sales are designed to help finance a $1.6bn repurchase announced in April to repel a hostile takeover. In particular, RKO is applying to the commission for approval of the sale of its Los Angeles television station, for which RKO is to receive $217m from Walt Disney, and three radio stations.

International Thomson suffers earnings fall

BY DAVID OWEN IN TORONTO

INTERNATIONAL Thomson Organisation, the Toronto-based publishing, travel services and energy group, yesterday announced a sizable downturn in net earnings from operations for the six months to June, despite sharply higher revenues.

In the latest period, income fell to US$44m, or 15 cents a share, compared with $52m, or 17.8 cents, a year ago. Sales, meanwhile, rose to $1.46bn from $1.11bn.

The group attributed the profits decline primarily to higher overheads resulting from the expansion of its leisure travel business.

In addition, the group said, recent information and publishing acquisitions traditionally earn most of their profit in the second half. Thomson recently gained control of Associated Book Publishers, a London-based publisher of general interest, legal and academic books – a deal which constituted its largest ever acquisition.

The earnings decline continues a trend which manifested in 1986 when the fall in energy prices pushed net income from operations down 13 per cent from the corresponding year-earlier level.

Despite the continued downturn, the group said that it was confident of good results for 1987 as a whole.

From the beginning of this year, Thomson switched its reporting currency to US dollars from sterling. The 1986 figures have been converted at the year-end exchange rate of $1.48.

Nick Garnett on a US tractor and equipment maker that sees change as the key to success

Case restructures for future fields of battle

"TO LIVE in the 1990s in this business changes have got to be made. You cannot afford not to."

Mr Dick Seagrave, senior vice president for European manufacturing at JI Case, the US farm tractor and construction equipment maker, is well placed to make such a comment.

Since buying most of International Harvester's farm equipment interests at the beginning of 1985, Case has been engaged in one of the most complex industrial restructuring exercises in recent years.

Many of the changes have occurred in Europe, which plays an increasingly large role in the Case empire and makes more agricultural tractors than Case in the US.

Plant rationalisations and closures, reorganisation of component manufacture and agricultural equipment distribution, together with the first moves down the path to a common range of tractors, have all been on the agenda since Case IH was formed.

At the same time Case in Europe has been knitting together its longstanding earthmoving and farm machinery businesses. This has involved setting up a collective management, with all JI Case's European operations now run from a single office block in Walton-on-Thames near London.

Another sideshow, albeit an important one, has also been taking place. For many years Tenneco, JI Case's parent, has owned a large share of Poclain, the French excavator manufacturer.

Management of what is Europe's biggest maker of excavators has now been brought fully into the JI Case fold while a reorganisation of Poclain's manufacturing will lead to the closure of two of its four French plants.

Before the merger Case Europe had sales of $350m and 6,000 employees. Now it is a $1bn business with 11,000 workers; if Poclain is included, turnover reaches $1.3bn with a total workforce of 14,000.

Two of the main aims of buying IH's worldwide farm equipment interests were to make Case a big leaguer in tractor manufacture and to use the benefits of size to rationalise and cut costs.

Mr Seagrave says there is still a lot to do. So far, he says, cost-cutting and rationalisation have been substantial.

Most of the changes have been in agricultural machinery. Before the merger Case in Europe was a small producer, dependent on the former David Brown tractor business in the UK, which it bought in the early 1970s.

A Case tractor: vital component in move to the big league

Overnight the IH acquisition increased Case's farm machinery interests in Europe several fold. It gave it more plants, added International's range of 35 horse-power to 145hp tractors to its own 47hp-105hp as well as providing combine harvester manufacturing facilities.

Distribution was the first area tackled. The merger gave the new business 2,200 outlets. The Case and IH distribution system has been integrated into a total of 1,600 outlets.

However, much of the sweat and heartache have been expended on rationalising manufacturing.

International's combine plant at Angers in France was closed. Its St Croix facility which made combines and components was scaled down. Big combines are now brought in from East Moline in the US while Case also buys machines from Dronningborg, the Danish producer of small combines.

It was also decided that International's facility in Doncaster, England, would not only continue making tractors but would be the worldwide source for Case IH's combine transmissions.

Assembly of two models of the large two-wheel-drive tractors in the 120hp to 140hp range were also brought from the US to Doncaster, and the UK plant was chosen as the main manufacturing source of transmissions for these tractors, too.

This move was associated with the closure of International's 2m sq ft (185,000 sq m) Farmall facility at Rock Island, Illinois, the biggest plant closure in the history of the US farm machinery industry.

Some 700 machine tools were transferred from Illinois to Doncaster. To cope with these changes an International plant at Doncaster was re-opened, giving Case IH two plants in the town.

The Farmall move was the only significant plant closure in the US since the merger,

Case says there are tremendous possibilities for cost savings in component rationalisation. For example, the former International plant at Neuss in West Germany will soon begin manufacturing the B series engine which Case produces in a joint venture with Cummins. The B series will eventually power most of Case's tractors and its earthmoving machinery.

After the merger the workforce of JI Case, excluding Poclain, rose to 12,600. That has been cut to 11,000, and Case says that in the past two-and-a-half years the proportion of direct production workers (excluding tool setters and maintenance crews) to non-direct employees has risen from parity to one to 0.8. Output per employee is up by 50% for the period.

Case, which broke even worldwide in 1986 after running up a $200m loss in 1985, has been active in other ways besides restructuring.

Last year it bought Steiger, a US manufacturer of large four-wheel-drive articulated tractors up to 400hp with the aim of broadening its product range at the top end of the market.

Mr Seagrave says Case will spend $200m to $300m over the next four years on new production equipment and tractors which will be centred on four families of drive trains.

First-half earnings slide at Novo

BY HILARY BARNES IN COPENHAGEN

FIRST-HALF earnings by Novo, the Danish pharmaceuticals and enzymes producer, continued to slide under pressure from adverse currency movements and increased marketing expenses, according to the interim statement.

Pre-tax earnings were down to DKr333m ($45.7m) from an interim DKr390m last year, and earnings per share slipped from DKr9.95 to DKr8.49. This came on sales up from DKr2.12bn to DKr2.37bn.

As first and second-half earnings are expected to be in fine, full-year profits will be well down on 1986 earnings of DKr788m.

Second-quarter earnings slipped from DKr204m to DKr143m and earnings per share from DKr5.22 to DKr3.70.

The 1987 figures include Ferrosan, the Danish pharmaceuticals group acquired by Novo at the end of last year. Ferrosan contributed about 14 per cent to first-half sales and 3 per cent to earnings.

The value of the krone increased by about 7 per cent against the currencies in which Novo invoices, with the value of the dollar down by 19 per cent, cutting DKr70m from the sales figure, said Novo.

Sales by the pharmaceuticals division were unchanged although insulin volume sales were down slightly. Marketing expenses by the division were increased by 25 per cent to meet increasingly tough competition in the insulin market. Novo said it had introduced Novopen, its new injection system, in 26 countries and sales were increasing substantially.

Sales for the bio-industrial side, dominated by enzymes, were down by about 5 per cent although the volume sale of enzymes was unchanged.

Gulf Canada doubles profits

By Our Montreal Correspondent

GULF CANADA Corporation, controlled by the Reichmann Brothers of Toronto, posted a first-half profit of C$169m (US$127m), or 73 cents a share, from continuing operations, up from C$83m, or 34 cents, a year earlier.

The company was reporting for the last time under its old structure. Gulf has been split into three separate publicly owned companies, Gulf Canada Resources, continuing the oil and gas operations, Abitibi-Price, the forest products group, and G.W. Utilities, holding Gulf's remaining businesses

Dome Mines merger

BY ROBERT GIBBENS IN MONTREAL

THE MERGER of Dome Mines, one of Canada's oldest gold mining companies, with Placer Development, a Vancouver-based international mining group, and Campbell Red Lake Mines, a smaller Canadian gold producer, is going ahead.

About 95 per cent of the votes passed at a Dome Mines shareholders' meeting in Toronto favoured the merger, and shareholders of the other two companies were expected to vote in favour at separate meetings later in the day.

Giant Yellowknife Mines, controlled indirectly by the Ariadne group of Australia, had tried to block the merger by offering more than C$450m (US$340m) for the 21.5 per cent controlling block in Dome Mines held by Dome Petroleum.

However, the C$21.50-a-share cash offer was refused by Dome Petroleum, which voted its stock in favour of the three-company merger.

Dome Petroleum will have an 8 per cent interest in the merged group, which will be Canada's leading gold producer and an international base and precious metals company with interests in Australia and other parts of Asia, besides North America.

INTL. COMPANIES and FINANCE

Japanese companies plan back-door listings in HK

BY KEVIN HAMLIN IN HONG KONG

TWO POWERFUL Japanese property concerns plan "back-door" listings on the Hong Kong Stock Exchange, accomplished through the acquisition of dormant companies, despite a recent warning from the territory's Securities Commission that such manoeuvres pose an "unnecessary risk to the reputation of the Hong Kong market."

Eie Development, controlled by Mr Harunori Takahashi, is to buy a majority stake in New Era Land and Securities Investment Company, which has not traded since last November, for HK$102m.

In April, Eie, which has interests in financial services, computers, hotels and property, bought a 50 per cent stake in Bond Centre, a nearly-completed commercial building acquired for HK$1.9bn by Mr Alan Bond, the Australian businessman, in February.

Eie also acquired the Empress Hotel in Tsim Sha Tsui for HK$190m in May, and owns the Regent Hotel in Sydney. Eie will inject the Empress Hotel and two properties worth HK$65m into New Era.

Abaco Enterprises, controlled by Mr Masakazu Kobayashi, is to buy just over 50 per cent of Lee On Realty for HK$86m. Mr Kobayashi is president of Japan's Yoshiya group, which has property interests in Tokyo, Nagoya and Osaka.

Abaco plans to use Lee On's listing to "expand into property development, finance, hotel, shipping and other activities in Hong Kong and the Asian Pacific region."

Back-door listings are frowned upon by the Securities Commission and the stock exchange because they allow companies to sidestep the need to demonstrate a five-year trading record, the normal qualification required for a listing.

A number of such listings have in the past been a source of controversy in the territory, and have provided a flow of often speculative stocks on to the exchange.

A senior official at the Securities Commission recently suggested that dormant companies should be removed from the stock exchange onto a secondary stock market.

Botswana RST down at interim stage

By Jim Jones in Johannesburg

BOTSWANA RST (Botrest), the copper and nickel mining company, cut metal production in the first half of 1987 while its main flash furnace was refurbished. Nevertheless, sales of metal were higher than in the corresponding period of 1986, though interim sales revenue and operating profits fell.

The mine produced matte (smelting product) containing 6,826 tonnes of nickel and 7,442 tonnes of copper during the first half against 10,173 tonnes of nickel and 11,212 tonnes of copper in last year's first half.

Interim turnover dropped to 51.7m pula ($30.2m) from 54.1m pula and operating profits before tax and interest tumbled to 1.3m pula from 15.7m pula. Last year turnover was 98.9m pula and operating profits 18.1m pula.

The company has an accumulated deficit of 1.2bn pula, which has been financed by Anglo American Corporation, Botrest's controlling shareholder. Anglo says that Botrest is unlikely ever to pay a dividend.

In recent weeks the company's shares have traded actively and risen sharply on several stock exchanges on speculation that Anglo planned to convert Botrest into an international holding company.

South African Eagle in profit

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN Eagle, the short-term insurer, returned to profits in the six months to June 30 1987 principally because it gained business in the wake of the collapse of a competitor. The directors also said that the underwriting profit was possible as South Africa suffered no natural catastrophes during the year's first half.

Gross premiums written rose to R272.6m ($130m) from R153.5m in the first half of 1986 and the first half's underwriting surplus was R3.15m against a deficit of R5.04m. In 1986, gross premiums totalled R389.6m and the underwriting deficit was R4.96m.

The interim pre-tax profit was R16.76m against R5.14m in the first half of last year and R18.50m for 1986 as a whole.

The first half's earnings rose to 91.4 cents a share from 37.3 cents and the interim dividend has been lifted to 34 cents from 21 cents. Last year's full earnings were 119.9 cents and a total dividend of 75 cents was paid. The company is a subsidiary of Eagle Star Holdings of the UK.

Indonesian speculators under fire

BY JOHN MURRAY BROWN IN JAKARTA

IN INDONESIA the speculators are under fire. The businessman who buys dollar bonds to hedge against currency fluctuations is branded by officials as unpatriotic. The peasant farmer who indulges in a five-cent flutter on the football pools is accused of witchcraft by Moslem scholars.

The stock exchange, which might otherwise have provided a safety net for both practices, remains blissfully free of speculation, but in so doing misses out on the share boom currently taking the rest of Asia's tiny markets by storm.

Cautious as ever, Bank Indonesia, the central bank, last month unveiled its latest plan to restore confidence in the rupiah and see off the worst crisis in Jakarta's money markets in over two years. Mr Arifin Siregar, the bank's governor, announced that henceforth both the SBI and SBPU—the two instruments used to regulate money supply—were to come under the hammer at a daily auction.

Both short-term instruments—Bank Indonesia's certificates of deposit (SBI), for banks with excess liquidity, and its money market securities (SBPU)—were introduced to iron out day-to-day fund mangament problems following deregulation of the banking sector in 1983. Bank Indonesia now wants to curtail their use, reduce the money supply, and so disarm the speculator. Banks complain that money is already too tight, borrowing costs too high, and, as a result, business is suffering.

The run on the rupiah reached fever pitch in May and early June. Daily turnover rose as high as US$120m on a bourse more used to levels of $20m. This put pressure on the balance of payments, despite the improved price of oil, the country's main export.

In a six-week period, the central bank was forced to sell US$11.3bn just to maintain its managed float of the currency. The bank then raised interest rates for the second time in two months—with those on deposits up to between 18 and 24 per cent—to re-establish the rupiah's interest differential with the dollar and stem the flight of capital.

When that failed, state run corporations like Pertamina, the oil and gas giant, were ordered to withdraw deposits with state banks and take out SBIs. With state banks accounting for about 80 per cent of total savings, this meant a drain on liquidity. The government also called for all outstanding SBPUs to be repaid to the bank whether due or not.

Waning confidence

Interbank call rates jumped as high as 40 per cent as bankers scratched around for rupiah to meet their SBPU borrowings. Many raised rates still further to attract additional deposits. Some even drew down their foreign reserves. The roadside money changer, the last link in the chain, found himself clean out of rupiah.

However, officials were able to claim the mopping up operation had absorbed 1,300bn rupiah, pushing Bank Indonesia's reserves back to around US$6bn, cutting money in circulation to a little over 10,000bn rupiah and restoring order in the market, at least for the time being.

Confidence in the rupiah had been waning since the currency was devalued last September by 31 per cent against the dollar. Dr Ali Wardhana, the Finance Minister, did his own calculations and called it a 45 per cent realignment. Either way, banks say the currency is still overpriced.

Amid rumours of a further devaluation, or worse still the imposition of exchange controls, more than US$1.8bn left the country in December and January. Cash-rich Japanese corporations were partly to blame, covering themselves before going home for the Christmas break.

Many subsequently took dollar swaps with the central bank to finance their rupiah working capital needs. With this latest squeeze, the bank no longer has rupiah for the swap, hitherto the money market's only hedging device. Domestic borrowing is all but ruled out too, with corporate money at 30 per cent in a shrinking consumer market, where per capita income barely breaks through US$500.

In any event, banks are reluctant to lend at such rates when inflation at around 9 per cent, up from 3 per cent before the devluation, means profit on investment is hard to come by. Banks now turn to quick rotation fee-earning business like letter of credit confirmation, and savings management. Bank savings now stand at 19,000bn rupiah compared with the country's GDP of 126,000bn rupiah, a budget of 22,000bn rupiah and a stock market capitalised at just 131bn rupiah.

Reviving the stock market might provide one source of corporate funds and break the stalemate. High bank deposit rates, tax free to boot, are one reason for its present sorry state. The market is also narrow based, with the 29 brokers outnumbering the 24 listed companies.

Government wary

All transactions are matched—buyers with sellers—and daily price movements limited to a 4 per cent spread. Some days no business is recorded. However, given corporate disclosure requirements, many family-run companies are not overly keen to seek a listing. Besides, any new issue must show a 10 per cent profit in its last year of trading—not easy in the present economic climate.

Despite the growing cost of financing the budget by offshore borrowings, the Government is also wary of stoking up the market—mindful perhaps of the triple-digit inflation under which former President Sukarno pitched the country into economic and political turmoil.

Officials also want to discourage speculation, particularly by Chinese who already control much of the economy and might use the marketplace to extend that power. So it came as little surprise when President Suharto recently ordered an inquiry into "Porkas." In some rural areas this daily football tote generates more than the Government raises in taxes. For even the normally circumspect Indonesian, that sort of habit can be very catching.

Singapore quotation for JSL

JURONG SHIPYARD (JSL) says it will offer 50m shares of 50 cents par value to the public at S$1.50 a share to gain a listing on the Stock Exchange of Singapore, Reuter reports from Singapore.

JSL, which specialises in repairs, is one of several government-owned companies identified by the Public Sector Divestment Committee for a listing on the exchange.

The company is a joint venture between the government-controlled Temasek Holdings (43 per cent) and Ishikawajima-Harima Heavy Industries (IHI) of Japan (57 per cent).

JSL, incorporated in April 1963, has an issued and paid-up capital of 95.98m shares.

Of the shares to be offered, 4.02m will be new shares and 45.98m existing ones.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 7 1987

	Yield Redemption	on Week Change	High 12 Months	Low 12 Months
US Dollar	9.514	0.880	9.702	8.440
Australian Dollar	13.882	0.602	14.735	13.692
Canadian Dollar	10.796	1.048	10.884	9.372
Euroguilder	6.199	2.615	6.250	5.804
Euro Currency Unit	8.888	1.938	8.896	8.219
Yen	6.152	2.962	6.433	5.218
Sterling	10.650	2.503	11.609	9.443
Deutschemark	6.366	2.811	6.490	5.890

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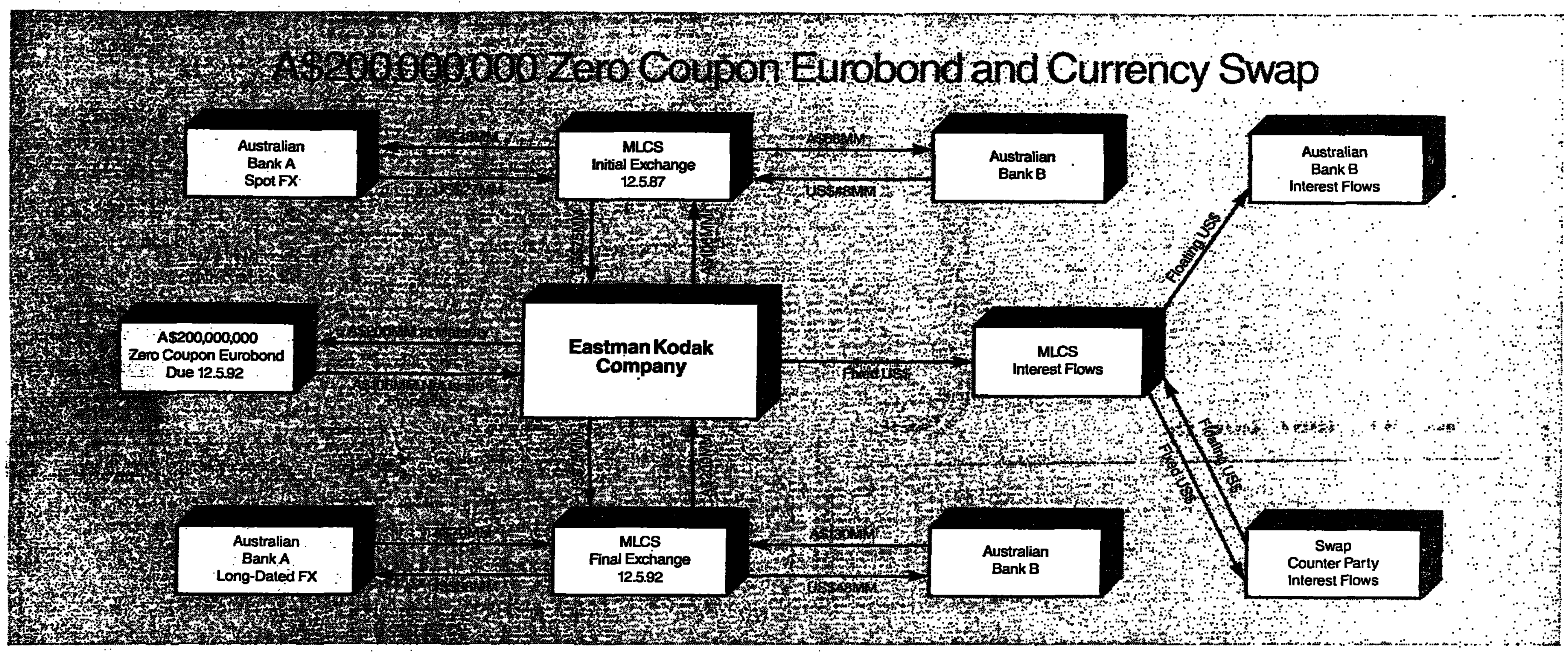

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New Issue 25th June, 1987

U.S. $130,000,000

Eastman Kodak Company

9% Notes Due 1990
with
130,000 Gold Warrants

Issue Price 113.175%

Union Bank of Switzerland (Securities) Limited

Banque Indosuez	Crédit Commercial de France

Shearson Lehman Brothers International

Banque Paribas Capital Markets Limited	DG BANK Deutsche Genossenschaftsbank
Goldman Sachs International Corp.	Leu Securities Limited
Mitsubishi Trust International Limited	Morgan Stanley International
Salomon Brothers International Limited	Société Générale

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New Issue 7th July, 1987

U.S. $200,000,000

General Motors Acceptance Corporation

(Incorporated in the State of New York, United States of America)

8¼ per cent. Notes due July 7, 1989

Issue Price 100.875 per cent.

Union Bank of Switzerland (Securities) Limited

Banque Paribas Capital Markets Limited	Commerzbank Aktiengesellschaft
Leu Securities Limited	Merrill Lynch Capital Markets

Shearson Lehman Brothers International

Algemene Bank Nederland N.V.	BankAmerica Capital Markets Group
Bankers Trust International Limited	Barclays de Zoete Wedd Limited
Chase Investment Bank	Compagnie de Banque et d'Investissements, CBI
Crédit Lyonnais	Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft	Generale Bank
Goldman Sachs International Corp.	Kidder, Peabody International Limited
Mitsubishi Trust International Limited	The Nikko Securities Co., (Europe) Limited
Société Générale	S. G. Warburg Securities
Wood Gundy Inc.	Yamaichi International (Europe) Limited
Julius Baer International Limited	Banca del Gottardo
Banca della Svizzera Italiana	Bank J. Vontobel & Co. AG
Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
Crédit Commercial de France	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Kredietbank International Group	Kuwait International Investment Co. s.a.k.
Kuwait Investment Company (S.A.K.)	Pictet International Ltd
Rabobank Nederland	Swiss Volksbank

This announcement appears as a matter of record only.

New Issue 9th July, 1987

Schindler Holding Ltd.

Schindler

200,000 Bearer Participation Certificates
of Sfr. 100 par value each

Offer Price Sfr.810 per BPC

Union Bank of Switzerland (Securities) Limited

Credit Suisse First Boston Limited	Swiss Bank Corporation International Limited

Deutsche Bank Aktiengesellschaft

Julius Baer International Limited	Commerzbank Aktiengesellschaft
Kleinwort Benson Limited	Swiss Volksbank
S.G. Warburg Securities	Bank J. Vontobel & Co. AG
Banque Bruxelles Lambert S.A.	Bayerische Vereinsbank Aktiengesellschaft
Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
BNP Capital Markets Limited	Leu Securities Limited
Lombard, Odier International Underwriters S.A.	Pictet International Ltd

J. Henry Schroder Wagg & Co. Limited

This announcement appears as a matter of record only.

New Issue 7th July, 1987

SANDOZ

Sandoz Ltd.

(Incorporated with limited liability in Switzerland)

25,000 Bearer Shares
of Sfr. 250 par value each

Offer Price Sfr. 12,200 per Share

Union Bank of Switzerland (Securities) Limited

Credit Suisse First Boston Limited		Swiss Bank Corporation International Limited
Algemene Bank Nederland N.V.		Banque Bruxelles Lambert S.A.
BNP Capital Markets Limited		Deutsche Bank Capital Markets Limited
Morgan Stanley International		Nomura International Limited
Phillips & Drew Limited	S.G. Warburg Securities	Wood Gundy Inc.
Julius Baer International Limited		Banca della Svizzera Italiana
Bank J. Vontobel & Co. AG	Compagnie de Banque et d'Investissements, CBI	Darier & Cie
Leu Securities Limited		Lombard, Odier International Underwriters S.A.
Pictet International Ltd	Sarasin International Securities Limited	Swiss Volksbank

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Swiss banks relax rules on syndication of issues

BY CLARE PEARSON AND ALEXANDER NICOLL

DEUTSCHE BANK (SUISSE) will today issue a SFr 200m bond for its parent company, becoming the first foreign-owned bank to lead-manage an issue within the main syndicate of the Swiss foreign bond market.

The issue follows a relaxation of the syndicate rules announced by the major Swiss banks yesterday.

The relaxation, which allows foreign banks with offices in Switzerland to lead-manage issues for their parents, was seen as designed to increase the Swiss market's reciprocity with liberalisations in other financial centres.

Acting for the "Big Three" Swiss banks, Union Bank of Switzerland said that in future foreign-owned banks with domiciles in Switzerland would, under certain circumstances, be able to lead-manage issues for their parents.

Until now, foreign-owned banks have been barred from lead-managing bonds within the syndicate controlled by Union Bank of Switzerland, Credit Suisse, and Swiss Bank Corporation, although they have acted as co-lead managers.

The move is another landmark in the easing of the rigid issuing procedures in the Swiss bond market, and accentuates the loosening in the virtual cartel operated by the big three banks. Credit Suisse has recently tended to show greater independence from its two rivals.

Last year, in response to competition from foreign-owned banks in Switzerland, the leading banks cut their fees and loosened syndicate rules for allocating placements.

The syndicate operated by the big three banks is made up of a group of Swiss banks as well as so-called ad hoc members which may include foreign banks. Other Swiss banks may also lead-manage issues independently of this syndicate. The second most important syndicate is operated by Handelsbank NatWest, part of the National Westminster Bank group.

Deutsche Bank, which will also issue in the D-mark market today, will announce a SFr 200m 10-year 4½ per cent bond priced at 122 carrying warrants to buy its shares.

Each SFr 5,000 bond has two warrants to buy nine ordinary shares at DM 680 each, which compares with a close yesterday of DM 710. The overall premium is 20 per cent.

In the D-Mark market, Deutsche Bank is expectd to issue a DM 750m equity warrants bond, maturing in January 1993. The bond will be priced at 125 and carries a 5 per cent coupon. Both issues are through Deutsche Bank Finance (Curacao).

INTERNATIONAL BONDS

Elsewhere in the bond market, high coupon sectors continued to dominate as the dollar sector was overshadowed by the US Treasury bond auctions, although the first sale in the three-part auction appeared to have gone well.

A rise in the Canadian Treasury bond market and the opening up of swap opportunities triggered a flurry of three issues in Canadian dollars, aimed at Continental retail investors and meeting fair receptions.

The largest, at C$100m, was from GMAC Canada, led by UBS (Securities), with a 5¼ year life, a 10⅜ per cent coupon and a 101¼ price.

Berliner Bank made a C$75m four-year issue with a 10½ per cent coupon and 101.3 pricing, led by Citicorp Investment Bank. It met the best reception of the three, trading just within its fees.

Bayernhypo, the issuing vehicle for the West German bank, Bayerische Hypotheken- und Wechsel-Bank, made a C$65m five-year issue led by Banque Paribas with a 10⅜ per cent coupon and 101⅝ per cent pricing.

The Australian dollar sector also saw two issues, even though swap opportunities are not bountiful at present. Credit Suisse First Boston led a A$50m issue for BNP Australia with the guarantee of the French parent. The three-year issue had a 14 per cent coupon and 101.8 price.

Banque Generale du Luxembourg made a A$50m three-year issue led by Hambros Bank with a 13¾ per cent coupon and 101½ pricing.

Eksportfinans, the Norwegian export finance agency, made a DKr 250m five-year issue led by Morgan Guaranty, priced at 101¼ per cent with a 10¾ per cent coupon.

In the sterling market, Grand Metropolitan, the consumer products and services concern, became the latest British company to make a convertible issue. The £100m 15-year, par-priced deal was led by Swiss Bank Corporation International, and was assigned an indicated coupon of 6 to 6¼ per cent and a conversion premium of 18 to 22 per cent.

The issue, largely aimed at Switzerland where about half of it was expected to be placed, met a good reception and was bid at 101. Grand Metropolitan said full conversion would result in a 1.7 per cent expansion of its ordinary equity.

With the dollar sector awaiting the results of the second part of the Treasury auction yesterday, Nordic Investment Bank made the only dollar-denominated issue, a $100m deal with a 3½-year life, carrying a 8⅝ per cent coupon and 100⅛ per cent pricing.

The issue was led by Mitsubishi Finance International, which also made a separate issue of NIB warrants to buy an additional $50m of 8½ per cent bonds with an 8½-year life, exercisable at the maturity of the 3½-year bonds. The warrants were offered on a tender basis with a minimum price of $5.50. They represented part of a repackaging of existing NIB warrants held by Mitsubishi.

In West Germany, prices were little changed in low volume. The Bundesbank conducted a 28-day repurchase agreement of DM 9.4bn, at a pre-announced fixed rate of 3.6 per cent, draining about DM 11bn of liquidity from the money market. The move had no effect, and no changes in credit policy at the Bundesbank council meeting today.

In Switzerland, prices fell about a quarter point.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅝ 92	200	93½	94⅛	0	+0⅝	9.23
All Nippon Air 9⅝ 97	100	96⅝	97⅛	0	+0⅛	9.86
A/S Eksportfinans 7⅝ 93	100	92	92½	0	+0⅛	9.28
A/S Eksportfinans 7⅛ 92	150	93	93½	+0⅛	+0⅝	9.14
BP Capital 9¼ 94	100	100⅝	101	+0⅛	−0⅞	8.98
British Telecom 7⅝ 96	250	88⅝	89	+0⅛	0	9.54
Campbell Soup 10½ 95	100	105⅜	105⅞	+0⅛	+0⅝	9.47
Canada 9 96	1000	98½	99	+0⅛	+0⅞	9.20
Canadian Pac. 10¼ 93	100	103⅞	104⅛	0	+0⅛	9.78
CCCE 7⅛ 91	133	93¼	94¼	0	−0⅛	8.85
CNCA 7¼ 91	150	93¾	94¼	0	−0⅛	8.95
Citicorp 8¼ 93	200	95	95½	+0⅞	+0⅛	9.80
Credit Lyonnais 9 91	200	100⅝	100⅞	+0⅛	+0⅛	8.75
Credit National 7⅜ 92	100	94⅜	94⅞	+0⅜	+0⅝	8.80
Credit National 9⅛ 93	150	†100⅛	100⅝	+0⅛	0	8.98
Credit National 7⅛ 91	250	94⅛	94⅝	0	+0⅛	8.81
Denmark Kingdom 7⅛ 92	500	92⅝	92⅞	0	0	9.15
Denmark Kingdom 8¼ 91	300	97¼	97¾	0	+0⅛	9.03
EEC 7 91	100	94⅛	94⅝	+0⅛	+0⅛	8.63
EEC 8¼ 96	100	95⅛	95⅝	0	+0⅞	9.30
EEC 7¼ 93	250	92¼	92¾	0	+0⅛	9.00
EIB 7⅝ 93	100	95⅛	95⅝	+0⅛	+0⅛	9.02
Finland 7⅝ 97	200	89⅝	89⅞	0	0	9.57
Finland 7½ 93	200	92½	93	+0⅛	−0⅛	9.10
Ford Motor Cred. 10½ 91	150	104⅛	104⅝	0	+0⅛	9.11
Ford Motor Cred. 11¾ 90	100	105½	106⅛	−0⅛	−0⅞	8.58
Gen. Elec. Cred. 10¼ 00	200	†103⅝	103⅞	+0⅛	+0½	9.73
Hoesch 7⅜ 92	100	95⅛	95⅝	+0⅛	+0⅛	8.61
Hoesch 7⅞ 94	300	93⅞	94⅜	+0⅛	+0½	9.08
Hoesch 8¼ 97	100	93¾	94¼	+0⅛	+0⅛	9.20
Liberty Mutual 8½ 96	150	94⅛	94⅝	0	−0⅞	9.46
LTCB of Japan 8 91	100	96⅛	97	0	0	9.04
LTCB of Japan 8 97	200	89⅝	90¼	0	−0⅛	9.45
Mercds.-Benz Cred. 7½ 93	100	94⅛	94⅝	+0⅛	−0⅛	8.68
Mercds.-Benz Cred. 8¼ 92	100	98⅛	99¼	0	−0⅛	8.50
Mitsubishi Fin. 7⅞ 93	100	92	92⅝	0	0	9.57
Mutual America 7⅞ 92	100	†93⅞	94⅛	+1⅛	+0⅛	9.29
Norway Kingdom 7⅛ 91	500	94½	95	0	0	8.86
Pepsico Inc. 7⅛ 93	200	92⅛	92⅝	0	+0⅛	9.21
Qantas Airways 10¼ 95	140	103⅝	104⅛	+0⅛	+0⅛	9.65
Queensland Govt. 10¼ 95	200	102⅝	103⅛	+0⅛	+0⅞	10.70
Ralston Purina 11¾ 95	150	†107⅞	108⅛	−0⅛	+0⅛	10.21
Saab Scania 9½ 91	125	101⅛	101⅝	0	+0⅛	8.99
Saskatchewan 10¼ 92	100	105½	106	0	−0⅛	9.12
State Bk. S. Aust. 9¼ 93	100	99⅝	100⅛	+0⅛	+0⅞	9.26
Statoil 10 90	170	102⅞	103⅜	0	−0⅛	8.82
Swed. Exp. Cred. 7¼ 91	100	94⅞	95⅛	−0⅛	−0⅛	8.84
Swed. Exp. Cred. 10 92	100	103⅞	104⅜	0	0	8.89
Sweden 8¼ 96	200	94⅛	94⅝	+0⅛	−0⅞	9.37
Sweden 7 92	250	93⅝	94	0	+0⅛	8.75
Sweden Kingdom 10⅜ 90	200	105⅝	106	0	−0⅛	8.42
Sweden Kingdom 7 91	250	96⅛	96⅝	0	+0⅛	8.58
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅝ 92	15	†96½	97	+0⅛	+0⅛	5.16
EIB 4⅝ 94	40	92⅝	93	+0⅛	+0⅛	5.93
Elec. de France 5⅛ 94	20	95⅝	96⅛	+0⅛	+0⅛	5.86
Kansai Electric 4⅝ 94	60	92⅝	93	+0⅛	+0⅛	5.94
Kingdom Belgium 4⅝ 94	45	92⅝	93	+0⅛	+0½	5.95
Norway 4¼ 92	40	94⅛	94⅝	+0⅛	+0⅛	5.67
SNCF 4⅞ 93	20	95⅝	96⅛	+0⅛	+0⅛	5.74
Sweden, Kingdom 5⅝ 95	20	98⅛	98½	+0⅛	+0½	5.90

Average price change on day +0⅛ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	100⅞	101⅛	−0⅛	+0⅛	13.60
Bergen Bank 15 90 A$	50	101½	102⅝	+0⅛	+0½	13.95
Creditanstalt 14⅛ 90 A$	60	100⅝	101⅛	+0⅛	+0⅛	13.68
DG Finance 14⅜ 92 A$	50	105⅛	106	+0⅛	+0⅝	12.70
Deutsche Bk. 14⅛ 92 A$	100	†102⅛	102⅝	−0⅛	+0⅞	13.12
World Bank 13⅛ 92 A$	100	100	100⅛	+0⅛	+0⅛	13.33
Helaba Fin. 13⅛ 96 A$	75	100	100⅝	0	+0⅝	13.31
Natl. Australia 14 92 A$	50	99⅝	100⅜	+0⅛	+0⅝	0.14
Canadian Pac. 10⅝ 90 C$	75	103⅝	104⅛	+0⅛	+1¼	8.93
Chrysler Corpn. 10 91 C$	75	98⅝	99⅛	+0⅛	+1⅛	9.60
Genstar Fin. 11¾ 95 C$	75	†102⅝	102⅞	+0⅛	+1⅝	11.22
GMAC 9⅛ 92 C$	75	99½	100	+0⅛	+1	9.30
Royal Trustco 10⅛ 90 C$	75	100⅛	100⅝	+0½	+0⅞	10.19
Sears Acc. 10⅝ 92 C$	75	†101⅛	101⅝	+0⅛	+0⅞	10.22
Coca-Cola F. C. 17 90 NS	75	†99½	100½	−0½	−1	16.97
Denmark 7⅛ 92 Ecu	100	98⅝	99⅛	0	+0⅝	8.04
EIB 7⅛ 91 Ecu	100	†97⅛	97⅝	−0⅛	−0⅛	8.06
Euratom 7⅛ 97 Ecu	145	92⅛	92⅝	−0⅛	0	8.55
New Zealand 7⅛ 95 Ecu	200	95½	96⅛	−0⅛	−0⅛	8.73
SDR 7⅛ 95 Ecu	90	94⅝	95⅛	0	0	8.69
Finland 6 91 Fl	100	100	100⅝	0	+0⅝	5.92
Mort. Bk. Denmark 6 91 Fl	150	98½	99	0	+0⅛	6.33
Thyssen 7⅛ 90 Fl	50	102	102⅝	0	0	6.42
Wessanen 6⅛ 90 Fl	50	101⅛	101⅞	0	+0⅛	6.20
American Brand 9½ 94 £	50	93¼	94	+0⅛	−1⅛	10.88
Amer. Express OC 10 94 £	40	†96½	97	+0⅛	−1⅛	10.68
Deutsche Bank 9⅞ 97 £	75	95⅛	95⅝	+0⅛	−2⅛	10.65
GMAC 9 92 £	50	92⅝	93⅛	−2⅛	−3⅛	11.07
Halifax Bld. Soc. 10⅞ 97 £	100	96⅛	97	+0⅛	−1⅛	10.94
Imp. Chem. Inds. 10 03 £	100	†92⅝	93⅛	0	−2⅛	10.92
Imp. Chem. Inds. 10⅛ 92 £	75	†100⅛	101⅛	−0⅛	−0⅞	10.41
Invst. in Inds. Int. 10 93 £	60	†98⅛	99⅛	+0⅛	−0⅛	10.28
Land Securities 9½ 07 £	200	†94⅛	94⅝	+0⅛	−2⅛	11.51
Leeds Bldg. Soc. 10½ 91 £	50	†96⅛	97⅛	+0⅛	−3	11.51
Nationwide BS 10⅛ 93 £	75	96⅝	97⅛	+0⅛	−1⅛	10.93
NSW Treasury 10⅞ 92 £	50	†100	101	+1	−1	10.47
Royal Insce. 10⅛ 92 £	60	†101	102	0	−0⅛	10.35
J. Sainsbury 10⅛ 93 £	60	†98⅛	99⅛	+0⅛	−2⅛	11.09
Trusthouse Forte 11⅛ 90 £	50	†100½	101½	+0⅛	−0½	10.61
World Bank 11⅛ 95 £	100	†102⅛	102⅝	−0⅛	−2⅛	10.64
CoE 8⅞ 95 LFr	600	103⅛	104⅛	+0⅛	+0⅛	7.93
EIB 8⅛ 93 LFr	1000	103	104⅛	−0⅛	0	7.30

Average price change on day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day 0 on week 0

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day +0.03 on week +0.09

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

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German BP expects another strong year

By Andrew Fisher in Frankfurt

DEUTSCHE BP expects profits for 1987 to show a further sharp rise after a strong gain last year.

The Hamburg-based subsidiary of British Petroleum raised earnings in 1986 from DM 36.6m to DM 104.1m ($55.4m). In 1985, the figure was just under DM 3m, with heavy losses incurred in previous years before loss-making refinery capacity was cut sharply.

Mr Hellmuth Buddenberg, the chairman, said the non-oil side of the German company was becoming larger and more important. The whole restructuring process had cost some DM 2bn and was now virtually over.

He said that the chemical, plastics, gas, coal, and household cleaning divisions had much greater profit potential than oil, though their turnover was relatively small. Thus BP, with liquid assets of some DM 1.7bn, intended to develop these activities further.

Deutsche BP's oil business, with a volume of 14.5m tonnes (14.2m tonnes) was still the main element in turnover, down from DM 14.1m to DM 8.1m as a result of lower oil prices. But it made no contribution to net profits.

The company said it made operating profits of some DM 340m in oil activities against DM 110m the year before, with the increase arising from the extensive restructuring and cost-cutting measures of recent years. But these profits were offset by the writing down of stock valuations due to the oil price fall.

In its non-oil activities, Deutsche BP made an operating profit of around DM 200m, out of which further restructuring costs of DM 80m were met. These costs would be roughly repeated this year, but are expected to be much less in 1988, Mr Buddenberg said.

Mobil confirms Lonrho interest in refinery

By Lucy Kellaway

MOBIL, the US oil group, confirmed yesterday that Lonrho, the London-based international conglomerate, had expressed interest in buying its mothballed Wilhelmshaven refinery in West Germany. However, it declined to comment on whether the talks were still progressing, and said that several other groups were also interested in buying the refinery, which has been up for sale for more than two years.

Lonrho is believed to be bidding for the refinery in a consortium with Marinpex, a West German oil trading company. However, the price it has offered is thought to be lower than that put forward by some of the four or five rival bidding groups, and oil company executives said yesterday that Lonrho seemed a long way from clinching the deal.

Mr Tiny Rowland, the chief executive of Lonrho, has been visiting Tehran this week, although speculation that he is there to discuss purchases of crude oil, possibly for the Wilhelmshaven refinery, are unconfirmed.

Ciba-Geigy in deal with Rhone-Poulenc

By John Wicks in Zurich

CIBA-GEIGY, the Basle-based chemical concern, has purchased electronics polymers know-how from Rhone-Poulenc of France.

The transaction, no price for which is being disclosed, primarily involves Rhone-Poulenc's so-called SPC technology—a new process for additives used in the making of printed circuits—and polymers for the protection of electronic components.

Ciba-Geigy said in Basle yesterday that the deal would not include the production unit in St Maurice-de-Beynost, near Lyons, belonging to Rhone-Poulenc's subsidiary Groupe Polymeres pour Electronique.

The move is expected, said the Swiss company, to strengthen its position in the "promising business of electronic chemicals," complementing its existing activities in the printed circuits and electronic components sectors.

The plastics and additives division of Ciba-Geigy, which has a plant in Switzerland, currently produces laminating resins, electronic coating resins and substances used in the production of circuit boards and chips.

Ciba's sales in this sector were some SwFr 150m ($95.5m) in 1982 and are expected to grow to about SwFr 500m by 1993. The world market is forecast to expand from $2bn to $3bn over the next six years.

Strong support for Paribas rights

BY GEORGE GRAHAM IN PARIS

PARIBAS, the recently privatised French investment banking group, has completed its FFr 4bn ($632m) rights issue with a take-up rate of 65 per cent among existing shareholders and heavy oversubscription overseas.

The success of the offering with the company's 3.1m small shareholders, 700,000 of whom took up their rights, meant that the number of new shares had to be increased to satisfy demand from overseas investors.

The strong response to the offer was somewhat unexpected since the Paribas share price has been languishing with the rest of the French stock market and now stands at only FFr 440, FFr 30 below the offer price.

The bank had originally planned the capital increase largely in order to spread its shares more widely among foreign institutions, which were cut out of the original privatisation offering by the enormous demand from the French public.

Demand for shares in the rights issue was also heavier than expected, and an extra 1.15m shares were added to the original 7.5m offered.

A total of 4m shares, each with an attached warrant to buy one further share, has been allotted to foreign investors, with 4.65m going to existing shareholders who took up their one-for-eight rights.

The first stage of the offering therefore raises FFr 4.07bn of capital for Paribas, with possibly another FFr 4.33bn to come over the next two years as the warrants are exercised at a price of FFr 500

Paribas has only an arm's length relationship with most of its shareholders, since most subscribed through their banks, and knows the names and addresses of only about 100,000 of the 3.1m who have held on to their shares. Their response was therefore unexpectedly high, especially since the offer took place in the quiet summer period.

● Societe Generale, the third largest French commercial bank, has increased its stake in Compagnie General d'Electricite, the newly privatised telecommunications and heavy engineering group, to 5.5 per cent.

Handelsbank earnings slip at six months

BY HILARY BARNES IN COPENHAGEN

COPENHAGEN HANDELSBANK, the big Danish commercial bank, yesterday reported a dip in first-half operating earnings and unveiled plans for a DKr 482m ($66m) rights issue.

Operating earnings for the six months ended June 1987 fell by DKr 46m to DKr 520m, but the bank reaffirmed its earlier forecast that earnings for the year as a whole would show an improvement.

Handelsbank's funding plans centre on a one-for-six rights issue at 200 per cent of par. At the end of June the group balance sheet total was DKr 125bn, down from DKr 148bn a year earlier.

The bank said it had incurred a six-month loss of DKr 137m on its securities portfolio compared with a loss in the same period of last year of DKr 639m.

SDS, the biggest Danish savings bank, reported operating profits down from DKr 549m to DKr 543m for the half year, thus making it more profitable than Copenhagen Handelsbank. Its balance sheet total is around DKr 71bn.

Both banks warned that their final results this year would depend on movements in the bond market, which is expected to remain volatile in the run-up to the general election.

Soktas aims to stay top of Turkish textiles

BY DAVID BARCHARD IN ANKARA

Mr MJHARREM KAYHAN, the managing director of Soktas, the Trukish textile group, looks with some contentment on his new weaving plant outside Soke, 70 miles south of Izmir. "It had better be the best weaving plant in Europe," he says, half-jokingly, "or our consultants are going to be sorry."

The touch of arrogance is understandable. By common consent, Soktas is the highest quality producer in Turkey's most internationally competitive industry. In three years Soktas' exports have nearly trebled. Productivity, measured by kilograms per operator-hour, is the top European category of nine to 10 kg.

Soktas is one of a new generation of companies, set-up in the early 1970s, which have turned Turkey into the European Community's main supplier of textiles. How was it done? Mr Kawhan thinks that one major advantage was that Soktas' founders had business experience (his family run Turkey's largest flour mill) but knew nothing about textiles.

"We brought in outside consultants and told them, "teach us." From the start we believed in outside help and were never afraid to pay for it," he says.

The company was formed by 30 local businessmen and farmers in 1973, originally as a co-operative to import spinning equipment from Europe and sell yarn to the European Community. In 1973, the group raised a loan of TL50m (in those days equal to about $3.3m) from the World Bank and the Industrial Development Bank of Turkey.

Just at this point, however, Turkey ran into major economic problems. The yield on the investment dropped and many of the original shareholders backed out, leaving the Kayhan family in control as serious financial difficulies hit Soktas.

However, the company continued to cautiously pursue its long-term goal of becoming a major international exporter. It avoided new investment in capital equipment until the original loan had been paid off. Instead it built up very large stocks of raw materials, turning Turkey's soaring inflation to advantage.

Its aim was to cut costs continuously while upgrading the quality of its products, and to keep in touch with end-users. Soktas believes in selling to industry rather than to merchant buyers—a strategy which has to some extent dictated its export markets.

"It was not until 1980," says Mr Kayhan, "that we could see light at the end of the tunnel." But when Turkey switched that year to export-oriented economic policies, Soktas was poised to take advantage.

By then a number of plans had come to fruition. Soktas' founders had wanted to know where their money was going and, unusually for a small Turkish provincial company, had got it audited by Arthur Anderson.

The last three years have seen steady growth in exports (which currently account for about 56 per cent of total sales), rising from $7m in 1984 to an estimated $20m this year. A three-year $25m investment programme began in 1984 and will end with the opening this year of the new Soke weaving plant, which will be one of the most modern open-end spinning plants in the world.

Walking amid its rows of Swiss-built machinery, it is only occasionally that one comes upon one of Soktas' 590 employees. All routine tasks are either computerised or performed by robots.

The group investment programme has not been effortless. Total borrowing at the end of last year was TL 4.71bn ($15.3m). The bulk of this comes from the Turkish Industrial Development Bank and the company pays rates varying vetween 26 and 38 per cent—not as hair-raising as they sound in a business environment where inflation is running at over 40 per cent and commercial loans usually cost around 80 per cent.

Total pre-tax profits were TL 2.1bn last year. Soktas chose to increase its severance indemnity reserves and financing reserves, pruning its final profit figure from the TL 1.2bn of 1985 to TL 862m on sales of TL 19,449m.

The final fruits of the group investment programme should become apparent in October when Soktas' weaving plant begins to turn out quality cloth for the world market. The Turkish textile industry—and others further afield—will be watching to see if Mr Kayhan has achieved his ambition to own the best weaving plant in Europe.

UK COMPANY NEWS

CU doubles its profits to £82m

BY NICK BUNKER

Commercial Union, the composite insurer, doubled pre-tax profits to £82.1m in the six months to June 30, and raised its interim dividend by an unexpectedly high 20 per cent to 6.25p.

CU also dismissed suggestions that it has been caught up in premium rate cutting in the US, where it suffered huge losses in the early to mid-1980s.

Mr Tony Brend, chief executive, said underwriting markets remained firm in most territories, although rate increases had slowed.

CU's results—which reflected the impact of three years of rate increases across most of its British and American business—were at the top end of the City's expectations. Leading stockbrokers' analysts had been forecasting pre-tax figures of £79m to £82m, after the 1986 half-yearly figure of £41.1m. The shares closed up 2p at 361p.

Its total US underwriting loss of about 14 per cent of premiums appeared, however, to be still about 10 percentage points worse than the US property/casualty industry average.

The strongest performance was in the UK (38 per cent of total premiums). CU reported total UK operating profits of £60.3m, up from £34.3m in 1986. The 1987 interim figure included pure underwriting profits of £900,000 on household insurance, £4.2m on industrial fire, and £2.5m on marine and aviation.

CU said it was targeting selected profitable segments of private motor and household insurance for expansion, partly via block home insurance schemes arranged via building societies.

Worldwide underwriting losses fell from £115.8m to £120m on no-life premiums up 11 per cent at £1.12bn. Investment income was up 4 per cent at £120m. Life assurance-related profits rose 10.6 per cent to £39.6m.

Earnings per share increased 38 per cent to 21.5p. The solvency ratio has fallen one percentage point to 69 per cent since January.

Shareholders' funds are now £1.43bn, with net assets per share of 343p, excluding the value of much of the group's life operations.

In the US (24 per cent of premiums) CU reported a pre-tax operating loss of £700,000 (£11.5m). Underwriting losses fell from £65.9m to £49.6m because of low catastrophe claims, tight expense control and rate increases. CU said these were running in the first half at an average of 9 per cent on personal lines and 15 per cent on commercial lines.

"We have not cut rates anywhere," Mr Tony Wyand, general manager (investments and finance), said.

CU said it was hit again by poor results on workers' compensation and on "involuntary business" which it is compelled to write by some state insurance departments.

In the Netherlands (21 per cent of total premiums) results were hit by severe winter claims and by a worsening of CU's bad motor claims experience. CU's Dutch operating ratio improved marginally to 109.4 per ceint. The territory's pre-tax operating profit was £22.5m (£20.3m) with life profits up 18 per cent at £21.5m.

See Lex

Saville Gordon accelerates to a record £5m

A SHARP advance through the second six months of 1986-87 enabled the John Saville Gordon Group to lift its profits for the full year from £2.53m to a record £5.04m at the pre-tax level.

Furthermore, Mr John Saville, the chairman, said yesterday that all divisions were performing well and a further profits improvement looked likely in the current year.

Meanwhile, shareholders dividend is being effectively doubled to 2.56p net via a final of 1.96p and a further scrip issue on a one-for-one basis is also proposed.

The year to April 30 saw group turnover rise from £41.9m to £45.62m and trading profits improve from £3.89m to £6.12m, made up as to pipeline equipment and engineers merchants £1.54m (£1.37m), metal trading and scrap processing £264,000 (£452,000), dealing in shares securities and commodities £1.97m (£669,000) and property investment £2.32m (£1.4m).

Mr Saville said the engineers merchants and stockholding division again increased both sales and profits despite weakness in steel and stainless steel stockholding in the early part of the year.

In the current year sales levels of the division were now buoyant and the chairman was looking for a further profits improvement.

The scrap division had been rationalised and now represented a smaller proportion of group activity. The first quarter had seen an uplift in demand which Mr Saville believed would be sustained, resulting in a much improved performance.

It was pointed out that the share dealing and commodity trading sector had had a very satisfactory year and had provided a large cash flow from which the group had financed its growing property portfolio.

Mr Saville was confident that the recent sharp falls in share prices would present further opportunities for the profitable expansion of the dealing activities.

The year saw the property division produce a revaluation surplus of £5.07m. Also, the sale and repurchase of the Vaughan Estate provided a cash injection in excess of £3m which had been reinvested in property of "very good quality." Mr Saville noted that most of the estate had been let and an attractive yield was being earned on the repurchase price.

Interest charges for the past year accounted for £1.07m (£1.36m) and tax for £1.59m (£1.02m). Earnings per 10p share amounted to 7.1p (3.1p).

A profit of £3.92m (or £2.75m after tax) arising from the disposal of the holding in Duport was taken below the line as an extraordinary credit

● comment

JSG has reinvested the cash from its merchanting and scrap metal operations in property and share dealing and its investment activities have now come to dominate—they provided 70 per cent of profits last year as against 53 per cent one year earlier. Although the industrial side should pick up this year, speculation will concentrate on whether the company will turn one of its investments, in Antler for example, into an acquisition. And despite the doubling in profits, investors looking for a punt on the equity or property markets will probably be deterred by the remaining industrial interests, as yesterday's share price jump of only 2p—to 131p—showed.

Trafalgar House 'hard pushed' to win PFPUT

By Nikki Tait

Trafalgar House, the property, shipping and energy group, yesterday admitted that it will be hard-pushed to win its long-running battle for control of Pension Fund Property Unit Trust at today's extraordinary general meeting.

Trafalgar's fourth offer—which includes a cash alternative of £3,100 per unit and values the trust's portfolio at £237m—will require the backing of 75 per cent of PFPUT's shareholders if it is to succeed. Last night, Schroders — PFPUT's merchant bankers—claimed that it had received proxies which would "pretty well" block that level of support.

Mr Ian Fowler, a director of Trafalgar, conceded that the company will "face an uphill task" today. However, he stressed that Trafalgar has "absolutely no intention" of raising its offer yet again. Because of the nature of PFPUT, the offer is not subject to the Takeover Code's ruling that declaration of a final offer is binding.

Even so, Trafalgar last night put out another statement, arguing that its own offer is the only one on the table and that the rival management proposal to take many months to achieve incorporate the fund "will and there is no certainty that it will produce for certificate holders value matching the amount of the Trafalgar offer."

Trafalgar points out that the only way for certificate holders to realise their investment if its offer lapses is by redemption. The latest redemption price, set in July, is £2,700.

However, the PFPUT camp says that if both the Trafalgar resolution and its own proposal for incorporation—which only requires 50 per cent acceptances—fall, that will be taken as as mandate to look at alternative offers for the fund. PFPUT has already said that it has received numerous—though unespecified—approaches.

US acquisition boosts Smith & Nephew to £48m

Smith & Nephew, the medical and healthcare company which has shown consistent profits growth for many years, yesterday announced another good set of results.

Interim pre-tax profits in the 24 weeks to June 20, jumped 31 per cent to £48.4m (£37m), on sales 19 per cent higher at £251.6m (£212.1m).

The figures included a full contribution from Richards Medical, the US orthopaldic goods manufacturer which it bought for $284m last year and which performed in line with expectations, but excluded Smith & Nephew Anchor, which was sold for $55m in February.

In the UK, the group said that sales and profits on medical activities were below expectations because of the low level of exports to the Middle East.

However textiles performed well, with the help of strong exports of denim to Europe and the consumer division showed improved personal hygiene and first aid sales. Nivea hair care products, launched earlier this year, achieved their anticipated market share.

In Europe, the company acquired Alboreto Fernandez, a Spanish latex products manufacturer, and three orthopaedic companies in Spain and France.

The US operations experienced strong demand for examination gloves and generic pharmaceuticals—the group is building new plants to increase its capacity which it hopes will become fully operational in 1988.

Elsewhere in the world, the south east Asian companies performed satisfactorily. Australian medical results were very pleasing and South Africa did not see the extreme volatility of the rand experienced in the previous year.

Overall, sales would have increased by 27 per cent, rather than 19 per cent, were it not for the effect of currency movements.

During the first half of 1987, $17m of bonds were converted into ordinary shares with a resultant interest saving of £300,000. The company issued £90m of 4 per cent convertible bonds in May which should further reduce interest costs.

Operating profits were 37 per cent higher at £45.8m (£33.4m). Pre-tax profits included a contribution from related companies of £3.4m (£4.1m).

After tax of £14.4m (£12.3m), earnings per share were 20 per cent higher at 3.59p (3p). In an attempt to reduce disparity, the interim dividend is being increased 69 per cent to 1.4p (0.83p).

The shares fell 1½p to 176½p.

See Lex

Excalibur £9.4m rights issue

BY STEVEN BUTLER

Excalibur Jewellery yesterday announced acquisitions costing up to £7.35m and a £9.4m rights issue in the first expansionary moves since the new management took control of the company earlier this year.

The company is to acquire Robson, the specialist precision engineer that produces components for the aerospace and nuclear industries for an initial consideration of £4.75m and performance-related payments of up to £1.4m.

The £4.75m is to be financed by the issue of 5.28m new ordinary shares at 90p, of which the vendors will retain 422,222 shares with the balance to be offered to shareholders as part of a rights issue of 10.4m shares offered to shareholders on a five for seven basis.

Also to be acquired is Norton, the Birmingham manufacturer of gold and silver jewellery for £1.2m, including 444,444 new ordinary shares.

Robson earned pre-tax profits of £632,274 in the year to the end of March, on a turnover of £2.77m, with the supply of components such as Rolls-Royce, BNFL, the Ministry of Defence, Lucas and Dowty Fuel Systems.

Excalibur said the acquisition of Robson would allow the company to reduce its dependence on the jewellery trade and would provide technology that could be applied in the jewellery industry.

Lorlin

Lorlin Electronics, the USM-quoted switch and connector group, which last week announced that it received an approach which could lead to an offer for the company, has now said that talks have been terminated.

PARKFIELD: The directors of this industrial conglomerate have disposed of their rights entitlements under the one-for-four issue announced last month.

Melex buys slice of Nesco

BY STEVEN BUTLER

Melex International a trading company active in west Africa, has acquired a 5.2 per cent stake in Nesco Investments, the principal business of which is in the Nigerial power industry.

Melex would only say that it had acquired the stake as an investment and that it expected good news about Nesco.

Nesco's turnover has dropped steadily for five years from £13.5m in 1982 to £4.54m in 1986. Pre-tax profits in 1986 were £270,000.

A hostile bid for Nesco seemed out of the question since about 60 per cent of the shares are held by four directors.

Rockware Group trading ahead

Rockware Group increased turnover to £10m in the first six months of the current year and the group is "significantly stronger" after its most recent acquisitions.

Commenting on current trading, Sir Peter Parker, chairman, said: "Trading on both the glass and plastic fronts has been encouraging. Prices have strengthened in glass and productivity improved.

"Our plastics companies, which increased their operating profit by more than 30 per cent last year on turnover up 10 per cent to £17m, have achieved a further increase in turnover to a record £10m in the first six months of the current year."

On Tuesday an extraordinary general meeting approved the acquisition of Ken Stokes Group, South Wales Packaging and 80 per cent of Form Print, an increase in the authorised share capital of Rockware and the authorising of directors to allot new ordinary shares.

At the meeting, Sir Peter welcomed Ken Stokes and Rockware's new partners to "a significantly stronger group."

Baird weds Bridal Fashion

William Baird, the engineering and textiles group, has unveiled its latest acquisition—Bridal Fashions, the designer and manufacturer of bridal wear.

Bridal sells its wedding outfits through shops-within-shops in department stores like Debenhams and House of Fraser and also to independent retailers in the UK and Europe under the brand name Hilary Morgan.

Baird is paying a dowry of £2.85m to secure the marriage between the two companies, with further payments dependent on future profits. In the year to October 31, Bridal made pre-tax profits of £0.41m on turnover of £9.08m.

North Midland

North Midland Construction, the Nottingham civil engineer and public works contractor reported pre-tax profits of £156,000 in the six months to June 30 1987, compared with losses of £6,000 for the first half year to February 28 1986. In the 16 months to December 31 1986, the company had pre-tax profits of £225,000

An interim dividend of 0.8p net (nil) will be paid. Turnover rose from £4.02m to £5.3m. Tax took £55,000 against a credit of £2,000. Stated earnings per 10p share were 4.04p (0.16p loss).

The directors said the group had a satisfactory level of orders, and it was anticipated that results for the second half would continue at approximately the same level.

Blackwood Hodge

Blackwood Hodge, which has interests in earth-moving, construction and mining equipment, announced yesterday that it had entered an agreement with Domino Industries Group, a subsidiary of Dalgety, to purchase approximately A$12.5m (£5.6m) worth of assets from Domino.

The deal follows an agreement in principle between the two companies two months ago, for Blackwood to acquire the industrial construction, forestry and mining equipment distribution interests of Domino.

Brown & Tawse

Brown & Tawse, distributor of steel and pipeline products, which reduced pre-tax profits from £5.7m to £5.2m in the year ended March 31, in the wake of a reduction in North Sea investment, is now seeing improved trading conditions, Mr S. Douglas, chairman, said yesterday.

In the first four months of the current trading year the improvement had extended to many of the company's markets, and recent acquisitions, in particular, were making a significant contribution. "If the economy holds up at the current healthy level, the outcome of the full year can be viewed with confidence," said Mr Douglas.

UK COMPANY NEWS

Ultramar shows sharp recovery at six months

BY LUCY KELLAWAY

Ultramar, the independent oil company, yesterday announced a return to profit in the first half of 1987 with net income of £28.1m.

That was a swing of £40m on the loss of £11.9m incurred during the opening six months of the previous year.

In a generally optimistic statement, Mr Lloyd Bensen, chairman, said the company had made progress toward its goals of strengthening its financial position and concentrating its resources in a few key areas.

He said the company was ready to begin to expand in its core businesses in Indonesia, eastern Canada, and in the North Sea. "We are starting to dust down our entrepreneurial hats," Mr Bensen said.

During the first six months borrowings as a percentage of equity fell from 51 per cent to 39 per cent, partly as a result of stronger cash flow from continuing operations—which rose from £52.4m to £71.1m—but also due to the proceeds from the sale of peripheral businesses.

The company said that these disposals, which raised about $200m over the past year, were mainly complete. The major asset left to be sold was property in California which should raise between $25m and $30m.

Second quarter net profits of £7m were lower than the first quarter's, when demand for heating oil was at its peak, but showed a marked improvement on the second quarter of last year when the company made a loss of £14.5m.

Second quarter net profits of £7m were lower than the first quarter's, when demand for heating oil was at its peak, but showed a marked improvement on the second quarter of last year when the company made a loss of £14.5m.

Despite the rise in oil prices, exploration and production profits for the first half fell from £16.3m to £10.7m, mainly because the fall in the crude price last year was not immediately reflected in LNG prices.

Mr Bensen said that as these prices were related to official Opec prices, the company had not seen the benefit of the recent rise in spot oil prices.

The strongest increase in profits was enjoyed in the refining and marketing operations in eastern Canada, where the contribution rose three fold to £35.4m. Margins were good, costs cut, refinery utilisation up, and petrol demand buoyant.

The company expressed optimism that eastern Canada would continue to provide a better return than it had done in the past.

Asset sales in the first half, in particular the sale of the Golden Eagle petrol chain in the UK and land in Florida, resulted in an extraordinary gain of £32.1m. This compared to an extraordinary loss of £23.7m in the first half of last year, which related to stock losses.

The first half dividend has been increased by 15 per cent to 2.3p, which the company said was justified by the improved results and by its guardedly optimistic view of oil prices.

See Lex

GrandMet in £16m US pet food buy

Grand Metropolitan, the food, hotels and drinks group, yesterday took a bigger bite of the US pet food market. It is buying Jim Dandy, maker of dry dog food, for $25m (£16m).

Dandy, which is based in the south-east of the US, is the second animal food company which GrandMet has swallowed in recent months. At the end of last year GrandMet bought Blue Mountain Petfoods for $11m.

Alpo Petfods, GrandMet's US animal foods subsidiary, will have annual sales of $400m when the Dandy deal is completed.

Mr Allen Sheppard, GrandMet chairman and chief executive, said Dandy's pre-tax profits would be more than the interest charges to cover the acquisition in the first year, so the effect on earnings would be immediately positive.

GrandMet first entered the US petfood market as a result of its 1980 acquisition of the tobacco group Liggett & Myers. It now claims about 35 per cent of US premium canned dog food sales and about 10 per cent of dry dog food.

Mr Sheppard said GrandMet wanted to develop its petfood interests further. "In spite of all the music hall jokes it is a good business," he said.

Zetters plans split to fund bingo expansion

BY STEVEN BUTLER

Zetters Group yesterday announced plans to spin off its football pools operation and bingo clubs into two separately listed companies as part of an effort to expand the bingo business by using shares to raise capital.

The company also reported a 9 per cent increase in pre-tax profits to £2m, on turnover that rose 9.3 per cent to £30.6m.

As in other recent years, the improvement in profits is due entirely to the bingo division, which now operates 28 clubs.

"Zetters bingo, like little Topsy ,grew and grew, and outstripped its ability to fund its own future," said Mr Paul Zetter, chairman.

The constraint on growth derived from Mr Zetter's wish to maintain his 51 per cent control over the pools side of the business. Any drop in his ownership would result in automatic termination of Zetters' interest in the partnership operating the "spot-the-ball" competition, which accounted for about 20 per cent of the profits of the pools side of the business.

Profits from the pools business has previously funded expansion of the bingo side, but this was becoming inadequate and the company was forced to pass up acquisition opportunities for lack of funding.

Mr Zetter is now prepared to see his stake in the bingo side of the business, which will be listed as Zetters Leisure, drop below 50 per cent as the company issues shares to raise capital and acquire bingo clubs. Possibilities of mergers with other bingo chains or reverses into the company were also raised.

The demerger would involve the issue to shareholders of two shares of the new company, Zetters Leisure, for every one share of Zetters Group.

The bingo business is seen to have far greater growth potential. Attendance at bingo clubs has risen by 3 per cent since the start of the national bingo game, with prizes up to £50,000. This has brought local press attention to an industry that has been prohibited from advertising under the Gaming Act, and succeeded in attratcing younger players.

Zetters is also examining the possibilities of marketing financial services by mail through its list of pool punters.

Gross stakes received last year in the pools business rose 5 per cent to £20.89m, while turnover in bingo clubs rose 20 per cent to £9.67m.

Earnings per share rose 15 per cent to £19.85p, and the full year dividend came to 5.5p (4p).

De Savary lifts stake in Highland Participants

By Nikki Tait

MR PETER de SAVARY, the financier and yachtsman, together with business associate, Mr Montague Browne, has picked up a further 29,500 shares in Rule 535.2-traded Highland Participants.

Mr de Savary, along with associates and Charterhouse Bank had previously announced that via share purchases and a £1.62m cash injection they would be acquiring a 29.99 per cent stake in the company.

However, Charterhouse said yesterday that some share options had been exercised, permitting the extra purchases. Following the proposed subscription, Mr de Savary will now own just under 1.5m shares. Mr Richard Lascelles, another business associate of Mr de Savary, 166,666, Mr Browne 7,000, and Charterhouse Bank 233,333. Together, they will hold 29.73 per cent of the enlarged share capital.

The new investors have already said that they planned to develop activities in the energy field, and hoped to move to a USM quote at some stage. Yesterday, the shares jumped 27p to 265p.

Hillsdown £2m ice cream buy

Hillsdown Holdings, the food to furniture group, yesterday announced that it is adding to its ice cream manufacturing capacity with a £1.95m cash purchase of Morisis Products from Dairy Crest Foods.

The latest acquisition is being bought for net asset value—with DCF warranting that any excess of shortfall from £1.95m will be reflected in a pound for pound adjustment to the consideration. It is currently operating at about break-even and supplies to the likes of Argyll and Iceland Frozen Foods.

Yearlings

Yearling bonds totalling £4.8m at 10¼ per cent, redeemable on August 17, 1988, have been issued by the following local authorities. Central Scotland Water Development Board £1m; Kirkless Metropolitan Borough Council £2m; Swansea (City of) £1m: Derwentside District Council £0.5m; Wansbeck District Council £0.3m.

Rotork at £2.75m and further advance seen

Rotork, a Bath-based manufacturer of valve control equipment and machine tools, yesterday unveiled a 7.8 per cent increase in first-half pre-tax profits and said it anticipated an improvement in the second six months.

For the first six months of 1987 the group, which broke off merger discussions with Meggitt Holdings earlier this year, saw its turnover edge ahead to £16.19m (£15.84m) and its profits improve to £2.75m (£2.55m).

After tax of £0.99m (£0.92m) earnings per 10p share emerged at 6p (5.7p). The interim dividend is being stepped up by 0.55p to 3.25p net — for the 1986 year a total of 8.5p was paid from taxable profits of £6.32m (£5.46m).

The directors said that the Protech offshoot's initial success in selling Toshiba's Tosdic range of computer instrumentation made them confident of a better second half.

They added that historically, increases in the price of oil and more activity on the nuclear front had preceded a greater demand for Rotork's products and services.

● comment

Rotork has suffered from the disappearance of most of its traditional work in the nuclear power and oil industries, so these results, while mildly disappointing, do not come as any great surprise. Although traditionally the bulk of profits have come in the second half, the company has left itself a fair amount to do it is to meet trimmed market expectations of around £7m for the year-end. The planned departure of Protech's former owners after the expiry of their service contracts could cause concern and the explosive situation in the Gulf means uncertainty about the future of Rotork's work there. But on the credit side, it has acquired the first of what should be several contracts to update actuators in the nationalised Spanish petrol distribution business. On yesterday's closing share price of 194p, the prospective p/e is around 12¼; on the face of it that is not expensive, but some would prefer to see more progress.

TKM extends Molins bid

BY STEVEN BUTLER

THE BATTLE for control of Molins, the engineering company under hostile bid from Tozer Kemsley & Millbourn, is set to continue to the end of the month. TKM yesterday announced that it had received acceptances amounting to 30.2 per cent of Molins shares and that it would extend its offer.

Molins derided the level of acceptances as "insignificant," as it represented only 3.68 per cent of shares not already controlled by the Brierly group, which controls TKM.

Molins supporters appeared to be stepping into action. M&G Investment Management, which is on record as opposing the bid, yesterday said that its stake in Molins had been lifted to 5.35m shares, or 18.22 per cent.

It was also learned that Marubeni, the giant Japanese trading house which is Molins' agent in Japan, had built up a 4.2 per cent stake in recent days. It is presumed that Marubeni would back the Molins management, although the company would only say that it had built up the stake in the interest of maintaing "good and stable relations" with Molins. "We are quite surprised that they are choosing to extend (the offer)," said Mr Christopher Ross, managing director.

However, TKM was not discouraged by the level of acceptances at the first closing date.

"We would be optimistic about the situation," said Mr Peter Caney, TKM group financial controller. "Most institutions do not make up their minds until the final closing of the offer."

Mr Caney said that up to 49 per cent of Molins shares were still uncommitted and that the bid would go through if TKM were to win just half of those. TKM is offering 300p cash per share, which yesterday closed at 306p.

Molynx two purchases for £3m

The board of Molynx Holdings has entered into conditional agreements to acquire the capital of Videmech and APS for up to £2.9m.

The initial consideration will consist of 1.72m new shares (an increase of 50 per cent in issued share capital) and £224,000 in cash. The vendors will retain 757.077 new shares to the value of £1.02m.

The 987,213 new shares not retained have been conditionally placed at a price of 122p per share and are being offered to qualifying shareholders on the basis of one new share for every 3.6186 ordinary shares. Up to £500,000 of the consideration will be deferred to December 1990.

Videmech specialises in the closed-circuit television ancilliary market. APS produces and designs detailed sheet metal products.

The Molynx board said yesterday that the acquisition of the two private companies would improve the ability of the group in the security and surveillance markets in which it operates.

DIVIDENDS ANNOUNCED

Commercial Union int	6.25	Nov 17	5.2	—	13
J. Saville Gordon	1.96	Oct 30	0.88*	2.56	1.28*
Rotork ....int	3.25	Oct 26	2.7	—	6.5
McKay Securities ...	2.2	—	1.95	4.2	3.65
Gnome Photographic	8	—	6.5	8	6.5
Smith & Nephew ...int	**1.4	—	0.83	—	2.8
Kleinwort Ovs Tst . int	1	Oct 1	1	—	2.5
Ultramar ....int	2.3	Oct 27	2	—	5.25
Yeoman Invest ......int	3.8	Sept 8	2.25‖	—	5.55‖
Zetters	4.1	Oct 7	3.75	5.5	5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Restated following conversion into split level investment trust in November 1986. ** To reduce disparity.

UK COMPANY NEWS

Nick Garnett looks at the plans for transforming an engineering giant

Revving up the 600 Group

SINCE Mr Noel Davies, a former director at Vickers, effectively took over the running of the 600 Group the company which became one of the bywords for sluggishness in British manufacturing has embarked on its first serious rationalisation for a decade.

The sale — completed last week — of 600's George Cohen scrap metal interests removed in one stroke the original foundation stone for the engineering empire built by Sir Jack Wellings, the group's autocratic former chairman who retired this year.

It also took out a business which contributed £70m of 600's £203m turnover last year but which was usually making losses every twelve months of about £1m.

Other, much smaller businesses have gone too. The group has halted assembly operations of Jones Cranes, the last UK-owned mobile-crane maker. Jones will continue but only as a producer of crane kits to meet existing contracts.

W. E. Sykes, the sole surviving UK manufacturer of gear-shaping machines with a £7m turnover, has been sold together with Startrite, a design company for jigs and inspection equipment.

This has left the group with a series of businesses ranging from machine-tool manufacturing—in particular Harrison and Colchester lathes which contributed £42m to sales—to machine-tool distribution, adding up to another £42m, and general trading. This last collection of companies, which handles equipment from Holden cars in Australia to Swiss-made lifting gear, contributes another £40m or so.

Disposals and contractions have gone hand in hand with some general indications about where 600 might be going. Mr Davies, former head of Vickers' engineering division before joining 600 as managing director and chief executive in 1984, says that within the next five years he would like the group to have two new types of businesses, each at least as big as machine tools, the principal remaining manufacturing arm of 600.

What those new businesses might be has still to be decided. The group recently spent £3m buying Electrox, a manufacturer of industrial laser cutters. All Mr Davies will say about future acquisitions is that they will be relatively small, will not be in machine tools but will be in engineering-related activities in the US and Europe. They must also be compatible with 600's existing distribution operations.

Mr Davies is quick to stress that pulling 600 into the desired shape will not be easy.

"Most of our businesses have been in decline and to some extent still are," he says. "I suppose we will only know in the next few years whether we got it right."

He says it is no business of his commenting on Sir Jack's later years at 600 when the group certainly lost direction and was very slow at spotting market trends and technologically updating some of its products, including its machine tools.

But he adds: "Jack was an intuitive manager. He made decisions and expected people to get on with them. Too many people waited to be told things. That is not the way things are going to be in the future. I wish to involve people in decision-making and the thinking process. Within the past two years 30 changes in senior management personnel have actually been made."

What can be said about 600 is that it survived the terrible shake-out in UK engineering during the early 1980s and actually made a profit every year during those difficult times. Its Harrison and Colchester lathe businesses have lost a lot of market share since the mid-1970s but they are still there, unlike the defunct Alfred Herbert, one of the other big names in the British machine tool industry. Many of 600's lathe models are now of modern design with computer controls.

Mr Noel Davies, managing director and chief executive of 600

But 600 does not seem to have been going anywhere. Its image in the City is somewhat duller than lacklustre. Its financial performance has also been weak. Pre-tax profits perked up to almost £7m three years ago following bad years in 1983 and 1984 when they slumped to about £2.7m. During the past two years though they have fallen again—to £5m last year.

Mr Davies is not slow to list the group's weaknesses over the past half decade. Limited management resources, poor asset management and several companies in weak positions all trip off the tongue.

"We know what the potential is but we want some time to sort it out," he says.

Mr Davies is unhappy about 600's dependence on machine-tool making in the UK and on the important business of marketing vehicle-mounted lifting gear made by Hiab of Switzerland.

Any element of 600 could be sold at the right price, he says, including the Harrison and Colchester companies. However, he does not believe that anyone would be willing to pay what 600 would ask for its machine-tool manufacturing activities.

"A too high proportion of our assets are tied up in machine-tool making in the UK and that is uncomfortable," Mr Davies says. "In five years' time I believe we will still have an interest in machine-tool making but it will be smaller than now and there will also be a reduction in the proportion of manufacturing in the group, by choice."

Some outsiders speculate that the Colchester and Harrison businesses will be merged. Mr Davies says there will certainly be rationalisation between the two operations, both in manufacturing and model line-ups.

The world market for Harrison and Colchester-type lathes is 60,000 a year. "We will continue to get a bigger share of that reducing market," he states.

Some of the emphasis is on expanding 600's trading interests. Franchises for the distribution of machine tools—which already include some Czechoslovakian and Spanish machines—will be added to, for example.

But another priority is the better management of 600's manufacturing assets. Mr Davies is concerned at the state in which the group's manufacturing facilities have been allowed to fall and the lack of attention to things like inventory control.

"The state of manufacturing facilities is not something we regard as a strength. It is an area that requires attention."

So far the changes have all been cash positive but strengthening the balance sheet remains a prime goal. Gearing is presently just under 40 per cent.

Mr Davies hopes something significant will happen on the acquisition front this year while arguing that the prospects for better results from existing group businesses are good.

"That is inevitably dependent though on the US and UK markets. We are boxed in there." At the moment those markets do not look tremendously healthy.

Hanson resolutions passed

BY NIKKI TAIT

Hanson Trust, the industrial conglomerate which last week announced a $1.7bn offer for New Jersey-based Kidde Inc. yesterday comfortably secured shareholders' backing for the substantial increase in its borrowing powers and for a number of other changes to the company's articles.

Some 200 shareholders turned out at London's Grosvenor House. They heard Lord Hanson, chairman, give details of the proxy count—well over 400 votes in favour, for every one against—and within 20 minutes had supplied their own, near-unanimous backing to all three resolutions.

The extension of the borrowing powers, which will allow the company to borrow up to 2½ times adjusted capital and reserves—compared with three times at present—but also to deduct its cash deposits from the amounts already borrowed, occasioned no questions. However, one shareholder did query the change in articles which will allow Hanson to sell shares held by members who have been untraced for 12 years.

Lord Hanson stressed that the potential sums involved were tiny and that the shareholders involved would then become creditors of the company, entitled to the net proceeds of the sale should they wish to claim.

With regard to Kidde, Lord Hanson explained that he was barred from saying much or answering by US regulations. "We are very excited about the proposed merger—it fits very well with our strategy" was his only general comment.

Gnome Photographic

Gnome Photographic Products raised pre-tax profits by 22 per cent from £383,684 to £469,832 for the year to May 31. Turnover was also up, from £1.99m to £2.3m.

Interest and dividends received were £93,786 (£108,220) and profits on sale of quoted investments totalled £94,453 (£71,863). After tax of £160,819 (£140,053) earnings per share were 12.3p (9.7p).

F & C Enterprise assets rise

NET ASSET value per 10p share of the F. & C. Enterprise Trust improved from 33p to 37.4p over the six months ended June 30 1987.

The directors said the increase was mainly due to the rise in values following the public offerings for Cambridge Instrument and Chemoxy International, the agreed bid for Ryman, the refinancing and restructuring of Kunick and a favourable performance from quoted investments.

Total revenue for the opening half year declined from £343,000 to £227,000. After taking account interest charges amounting to £81,000 (£90,000) and tax of £34,000 (£37,000) there was an attributable loss of £136,000 compared with previous revenue of just £4,000, equal to a loss per share of 0.16p (earnings 0.004p).

The board pointed out that net revenue received during the half year is not indicative of the total likely to be received during the full year. They expect to be able to at least maintain the annual dividend at 0.12p net.

COMPANY NEWS IN BRIEF

COLINE International will formally acquire the probe business of Umohm Start SPA with effect from September 1. Consideration will be £35,000, the majority of which represents recognition of goodwill and the existing and future order book.

EASTERN PRODUCE (Holdings) has completed an acquisition from some 15 individual shareholders of 56,527 ordinary of Chisambo Holdings (61.18 per cent). Eastern already held 38.82 per cent of the ordinary. Consideration was £491 604 cash and issue of 26,633 ordinary.

CREST NICHOLSON: 80 per cent of recent rights issue of 41.72m 5½ per cent convertible preference shares of £1 each have been taken up. The balance of 8.22m shares has been sold on the market.

CITYGROVE: Of the 1,255,065 new ordinary provisionally placed by Hill Samuel at 280p, shareholders applied for 392,277 new ordinary representing approximately 61.6 per cent of the shares available for clawback excluding the entitlements of Mr D. Woolf, chairman, who undertook not to apply for shares under the offer. Shares not applied for have been placed with institutional investors.

TRIPLEX has received valid acceptances for its offer for F. H. Lloyd from holders of 22,083,195 shares (89.36 per cent). The offer has been declared unconditional as to acceptances and will remain open for acceptance until further notice. The cash alternative has been closed.

Celergraphic has agreed to purchase Promotion Impressions, of west London, for £1.2m cash. For the year ended October 31 1986, Promotion Impressions earned a net profit of some £58,000 on sales of £1.5m. Its net assets at October 31 were £336,000.

TREVIAN Holdings: Company to acquire Davis and Coffer, London commercial estate agents, for £1m to be satisfied by an issue of 2m shares at 50p each.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims: Appleyard, Britannia Arrow, British Petroleum, Heywood Williams, Ratcliffs (Great Bridge), River Plate and General Investment Trust, Royal Dutch Petroleum, Royal Insurance, Shell Transport and Trading.

Finals: Abbey, John Beales, Griqualand Exploration and Finance, Victor Products.

FUTURE DATES

Interims—

Lambert Howarth	Sept 3
Macfarlane (Clansman)	Sept 1
Metal Closures	Sept 3
Olives Paper Mill	Aug 14
Steel Burrill Jones	Aug 28
Waterford Glass	Aug 26
Waterford Wedgwood	Aug 20

Finals—

Douglas (Robert M.)	Aug 25
Meat Trade Supplies	Aug 18
Personal Computers	Sept 9

Public Works Loan Board rates

Effective August 12

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10[illegible]	—	—	11[illegible]
Over 1 up to 2	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 2 up to 3	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 3 up to 4	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 4 up to 5	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 5 up to 6	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 6 up to 7	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 7 up to 8	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 8 up to 9	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 9 up to 10	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 10 up to 15	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 15 up to 25	10[illegible]	10[illegible]	10	10[illegible]	10[illegible]	10[illegible]
Over 25	10[illegible]	10	10	10[illegible]	10[illegible]	10[illegible]

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

APPOINTMENTS

IDV makes further board changes

Following the acquisition of Heublein and Saccone & Speed, INTERNATIONAL DISTILLERS AND VINTNERS has made further changes to the board, from October 1: Mr Tim Ambler is confirmed as deputy managing director of IDV with specific responsibilities for Heublein. Mr Paul Curtis assumes responsibility as international brand director. Mr Christopher Pearman will take on responsibility for North American operations, excluding Heublein, and for IDV interests in the Far East. Mr Colin Gordon has been given responsibility for IDV's operations in Continental Europe, the Indian Ocean and parts of Africa. He is also appointed non-executive chairman of International Distillers and Vintners (UK). Mr Howard Smith, currently deputy managing director of IDV (UK) is appointed an executive director of IDV and managing director of IDV (UK). He succeeds Mr Gordon. IDV is a subsidiary of Grand Metropolitan.

★

Watlington-based SWITCH COMMUNICATIONS has appointed Mr Roger Waltham as its managing director.

★

Mr Michael Reid, who joined last January as managing director of United Transport Contact Services to spearhead the development of the contract transport, warehousing and distribution services arm of UNITED TRANSPORT COMPANY has been appointed to the main board.

★

BROOKSIGHT, security consultants specialising in the location and recovery of "lost" or stolen industrial containers, has appointed Mr John Kay as general manager.

★

Mr Barry E. Sealey, managing director of CHRISTIAN SALVESEN, has also been appointed deputy chairman. This follows the retirement of Sir Maxwell Harper Gow from the board. Mr Sealey joined Christian Salvesen in 1958 and was appointed managing director in 1981.

★

FRAZER-NASH has appointed Mr Tristan P. A. Hillgarth as a non-executive director to the group board. He is a director of Throgmorton Investment Management.

★

ROBERT M. DOUGLAS HOLDINGS has appointed Dr R. A. Paine as a director and group chief executive from August 1. He was a member of the board of J. Bibby and managing director of its industrial group. Mr J. R. T. Douglas relinquishes the post of group managing director from the same date and continues as group chairman.

★

REDDISH SAVILLES (a member of the Brent Chemicals International Group) has appointed two of its directors to head two newly-formed business units. The two units—one brewing, comprising brewing services and brewing and soft drinks hygiene products, the other comprising dairy and food hygiene products and their subsidiary Reddish Detergents—will be headed by Dr Bruce Morrison and Dr Brian Riley respectively.

★

GRANT THORNTON has appointed Mr Gary Downey as a new partner in the Leeds office. He joins from Touche Ross.

★

ROCHE PRODUCTS has appointed Dr Peter Summerfield to the board as medical director.

★

WHITECHAPEL WORKSTATIONS has appointed Mr Michael Davies as director of OEM sales and marketing and Mr John Oakley as engineering manager.

★

Mr R. J. Lawson, formerly production manager, has been appointed production director, William Thyne; and Mr J. W. Macfarlane, formerly field sales manager, Marpack, has been appointed market development manager, folding carton division. Both are LAWSON MARDON companies.

★

INSITUFORM GROUP has appointed Mr L. H. George Livingstone-Learmouth as its new managing director. It also announced a slate of candidates nominated for election at the annual meeting on September 10. The directors and candidates nominated are: chairman Mr Eric Wood, vice chairman Mr William Gorham, directors Mr Ron J. Hancock, Mr Hershel Krasnew, Mr Bernard A. Meany, and Mr Sheldon Weinig, and two nominees not currently on the board, Mr H. E. Leroff and Mr John L. M. Quinn. Current director Mr Paul Church is not seeking re-election as a director. The board has chosen not to nominate Mr David Mitchell for re-election as a director.

★

Mr Mark D. Avery has been appointed vice president of marketing for shipping finance company OCEANIC FINANCIAL SERVICES.

★

Mr Nick Winkfield has been appointed a director of MINTON KINNEAR. He was a director of Research Services.

★

The INSTITUTION OF MINING AND METALLURGY has elected Dr H. R. Bichan to be president for the session 1988-89 in succession to Mr A. G. Moncrieff.

★

Mr John Young has been appointed chief executive of THE SECURITIES ASSOCIATION. He will continue as director of regulation for the international stock exchange. He began his career in stockbroking in 1961, became deputy senior partner of his firm in 1976, and was elected to the council of The Stock Exchange in 1978. In 1982 he transferred to the administration in a new post as director of policy and planning. In December 1986 he assumed the additional responsibility of leading The Securities Association's staff operation. Mr Stewart Douglas-Mann has been appointed an executive director of the Association. He has also been appointed director of primary markets for the international stock exchange. From 1974-84, he was corporate finance director of a merchant bank and prior to his recent appointments, managing director of the corporate finance department of Hoare Taylor, a director of Hanson

★

The Philadelphia-based US law firm of PEPPER, HAMILTON & SCHEETZ has appointed three partners in London, establishing a London office. Mr John H. McFadden, Mr Gregory K. Pilkington and Mr Bate C. Toms were previously associated with the Washington DC firm Wald, Harkrader & Ross, which itself recently combined with Pepper.

★

Mr David Shelton has been appointed to the board of CREST HOMES.

★

Mr David Heather, deputy group comptroller of ROYAL INSURANCE, wil become group comptroller on January 1. He succeeds Mr Ron Cunliffe, who is retiring. As part of Royal's international exchange of senior management Mr Ross Hillis is seconded from Canada to the UK as group chief accountant for two years from September 1.

★

CAMBRIDGE ELECTRONIC INDUSTRIES has appointed Mr Harry Tee as divisional managing director of the electronic components division and also a member of the management committee. He was a group general manager with Schlumberger.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production; manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	105	119.3	146.0	3,171	168.5
2nd qtr.	109.8	104.0	105	121.3	154.0	3,203	175.6
3rd qtr.	110.9	105.0	106	123.7	158.7	3,282	200.2
4th qtr.	110.9	107.1	109	126.5	194.2	3,141	213.0
December	110.3	107.4	110	126.7	224.9	3,119	218.0
1987							
1st qtr.	112.2	107.4	103	125.4	157.0	3,073	210.4
2nd qtr.				128.3	166.0	2,965	226.1
January	111.2	106.2	110	123.6	158.4	3,114	210.2
February	112.7	108.2	103	127.0	154.5	3,066	207.1
March	112.8	107.0	96	125.5	157.6	3,040	210.6
April	112.0	108.0	105	130.0	160.0	3,018	213.9
May	113.3	109.1	114	125.4	161.3	2,952	231.2
June				129.4	167.3	2,905	233.3

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.9	101.4	115.0	101.5	109.3	103.1	14.5
2nd qtr.	105.3	101.0	115.9	102.5	110.0	104.1	19.4
3rd qtr.	106.5	101.6	117.5	103.1	109.0	103.1	19.3
4th qtr.	108.2	102.4	116.1	104.6	115.4	104.5	15.4
November	108.8	102.3	116.3	105.0	116.0	105.0	15.9
December	108.2	102.4	114.9	105.0	118.0	103.0	16.7
1987							
1st qtr.	107.5	103.7	118.4	105.7	115.1	104.8	17.2
2nd qtr.							19.4
January	107.1	102.9	117.1	105.0	107.0	105.0	12.7
February	108.0	103.9	119.0	106.0	122.0	105.0	18.2
March	107.4	104.4	119.2	106.0	117.0	104.0	20.8
April	107.8	104.3	117.6	106.0	117.0	105.0	18.3
May	109.0	104.9	119.2	107.0	125.0	105.0	19.3
June							20.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,227	+682	+1,889	101.0	18.75
2nd qtr.	121.9	128.8	−1,551	−94	+772	102.6	19.28
3rd qtr.	122.6	138.5	−2,873	−931	+646	103.1	20.14
4th qtr.	136.5	143.4	−2,602	−755	+346	100.8	21.97
December	131.6	142.9	−887	−272	+286	100.1	21.92
1987							
1st qtr.	130.0	133.2	−1,135	+667	+1,164	100.5	23.75
2nd qtr.	126.0	140.4	−2,430	−630	+1,022	103.2	
January	124.6	131.4	−517	+ 84	+383	100.2	21.95
February	138.4	135.0	−202	+398	+328	100.4	22.26
March	126.9	130.2	−417	+184	+454	100.8	27.04
April	131.4	133.4	−536	+ 64	+419	102.4	29.81
May	123.5	144.0	−1,127	−527	+361	103.4	34.68
June	123.1	138.7	−768	−168	+242	104.0	34.26
July							34.91

FINANCIAL—Money supply M0, M1 and M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,203	2,220	+855	11.50
2nd qtr.	3.1	25.9	27.3	+6,455	1,483	+346	10.00
3rd qtr.	5.0	20.3	15.4	+6,895	168	+792	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,814	+444	11.00
December	10.1	6.6	9.1	+3,192	763	+265	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,668	1,475	+952	10.00
2nd qtr.	3.3	20.7	23.9	+8,649	1,894	+1,067	9.00
January	7.7	18.1	13.5	+1,899	456	+257	11.00
February	0.1	10.9	17.8	+2,881	472	+296	11.00
March	−3.8	33.8	29.4	+2,068	547	+399	10.00
April	0.1	20.9	33.6	+1,990	727	+410	9.50
May	5.5	37.6	32.7	+2,729	521	+254	9.00
June	4.5	31.0	21.2	+3,930	556	+363	9.00
July							9.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.4	96.5	96.9	1,825	75.1
2nd qtr.	184.0	125.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,484	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,606	68.2
December	193.4	130.4	147.9	99.6	98.8	1,638	68.4
1987							
1st qtr	192.1	129.8	149.3	100.3	100.5	1,580	69.9
2nd qtr.		128.7	150.8	101.9	101.8	1,598	72.8
January	190.4	131.7	148.9	100.0	100.0	1,683	68.8
February	191.2	129.6	149.3	100.4	100.7	1,601	69.0
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	196.1	128.0	151.0	101.9	102.2	1,612	73.3
June		129.6	151.0	101.9	101.6	1,629	72.6
July		129.8	151.2			1,632	72.8

* Not seasonally adjusted.
† Net changes in amounts outstanding, excluding bank loans.

CONTRACTS

Old Bailey refurbished

Early in August, TROLLOPE AND COLLS CITY, a Trafalgar House company, began work on a £1.8m project to refurbish and upgrade the famous criminal courts at the Old Bailey for the mayor, commonalty and citizens of the City of London.

The 1907 building whilst structurally sound, requires a comprehensive modernisation of facilities and services, as well as a general facelift to ensure its authority and standing as the seat of British justice.

During the six-week summer recess Trollope and Colls will commence the second phase of works that the company has carried out in the courts. In 1986, during the same period, extensive works were carried out on several of the courts.

This year work encompasses accommodation for the jury, the restaurant and more courts. Work broadly entails redecoration, repolishing, releathering and recarpeting, and the installation of a new heating system will bring the old building completely into line with modern standards. Trollope and Colls will also be carrying out restoration work on the base of the "Scales of Justice" the most evocative symbol of the law. Work will proceed during August and early September.

★

A £4.2m contract for the construction of a new British High Commission complex in Kuala Lumpur, Malaysia, has been awarded by the Foreign and Commonwealth Office to TEAMWORK CORPORATION SDN BHD, a Malaysian related company of the Taylor Woodrow Group.

The contract calls for the demolition of buildings on site and the construction of a three-storey office building with precast concrete piles and a reinforced concrete frame. The external elevations of the building will be clad in coated aluminium panels. Other facilities include a two-storey housing block, containing four two-bedroom flats and four three-bedroom houses, an amenity block and a squash court, with an outdoor swimming pool and tennis court. External works include extensive landscaping and a low level wall topped by railings around the compound. Work was started on site and the project is scheduled for completion in March 1989.

★

SUNLAND SERVICES INC has been awarded construction contracts from six clients, worth US$5.6m (£3.5m) covering: construction of additional effluent treatment facilities at the Rubicon plant in Geismar, Louisiana, for ICI American's Rubicon Inc: the mechanical erection of an addition to a chemical plant belonging to Dynamit Nobel's Kay Fries division, located in Theodore, Alabama; construction associated with an addition to an effluent treatment system at Vulcan Chemicals' Geismar, chemical production complex in Louisiana; modification to offsites (tank farm), for Exxon Refining, Baton Rouge, Louisiana; modifications to tank farm piping at Borg Warner's chemical production complex in Waveland, Mississippi, and construction of the first phase of a new amines production unit at BASF's site in Geismar, Louisiana. Sunland Services, Inc, a diversified construction, fabrication and maintenance service company, is a subsidiary of Barnard and Burk, which is an operating company of the oil, gas and chemical sector of Matthew Hall in the US.

★

ROADWORKS, civil engineering division of Jackson Group, has won the £3.2m contract for a 3 km bypass to West Malling in Kent. The company is also building a £250,000 bridge to carry the bypass over Southern Region's main line to London.

BUSINESS LAW

Chinese rituals and mysteries

By A. H. Hermann, Legal Correspondent

DOING BUSINESS with China, the world's most populous market, ought to be a sort of status symbol, if only it did not take so much time to acquire. Negotiating a contract with the Chinese may take years. It is a costly pastime. And often at the signing of the contract is the discovery that this is only the beginning of the real negotiations. Why?

Dr Stefan Messmann, the Volkswagen in-house lawyer and Chairman of a Standing Committee for Standard Contracts of the European Association for Chinese law, provides a plausible answer.*

It will no doubt please lawyers that the first reason which Dr Messmann gives for the slowness of negotiations is that the Chinese often prefer to negotiate without lawyers. In his experience, the Chinese team, consisting of technicians, businessmen and officials, tries to make do with non-binding statements and vague formulations, while scribbling down verbatim every pronouncement made by their European partner, in order to bring it out years later when circumstances have changed, and insist that it represented a binding promise. Obviously, the Chinese have not yet discovered the standard incantation of "without prejudice," which enables lawyers to be precise about mutual obligations under discussion, without giving either party the possibility of referring back to statements preceding the conclusion of the contract.

The tricks employed by the Chinese negotiators do not seem any different from those employed worldwide, but the Chinese have refined them into a ritual, making it easier for those without any great experience to benefit from the wisdom of past generations of astute businessmen. Also, a ritualised negotiating process can be entrusted to middle-ranking officials and watched and directed discreetly by those in real authority who do not wish to show their hand. In this way, those at the top can grant last-minute concessions to save negotiations from failure, or withhold their approval—without losing face.

One of the most important tasks of the Chinese negotiator in the opening phase of the talks seems to be the seearch for the "right partner." This will not necessarily be the most senior of the European negotiators, but the one who seems to be forthcoming to the Chinese side. If they find a member of the foreign delegation who is willing to talk to them and to his colleagues outside the formal negotiations, and appears to be helpful in putting across their point of view, they will shower him with attention and friendliness. The Chinese are great cultivators of friendly feelings, believing that friendship obliges, exposes the "friend" to manipulation, and makes him dependent. One would expect a wise European delegation to appoint a suitable person to act as such a "right" partner.

Where should the talks take place? It may be useful to invite the Chinese team to visit, showing them the factory and the application of its products, and acquainting them with the hierarchy of the headquarters. The negotiations, however, can seldom take place in Europe because the Chinese negotiators must constantly refer to their superiors. In addition, those who have real authority may not like the contract resulting from negotiations abroad, which they could not follow and direct on a day-to-day basis.

The Chinese location for the talks is particularly important for the second phase, when the foreign team is asked to present their ideas. These are immediately communicated to the invisible persons in authority. They will then decide the line to be adopted by the Chinese negotiators, reaching their decision on the basis of reports from their negotiators, without discussing it with the foreign party.

After the main line to be taken has been determined by those in authority, the Chinese technique does not seem to be particularly original: there is the usual attempt to play out members of the foreign team against each other, the labelling of its individual members as "good" or "bad," attempts to *make the foreign partner feel* guilty about delays when he opposes unacceptable demands, and finally, attempts to exert pressure through the press and media.

It may happen that the Chinese negotiators will be so good at the delaying tactics designed to tire out the foreigner that they will put themselves under time pressure: suddenly, they will forget about all-important principles and essential details in the rush to be able to submit the signed contract to authority. In such a case one should beware: the essential details, left out in the hurry, will come back with a vengeance and the negotiations will be reopened after signature. For this reason, it is of greatest importance to establish *who is the ultimately interested* Chinese party—an export-import corporation, a production enterprise, a government department, the Bank of China or one of its specialised subsidiaries, or one of the national corporations in the automobile or shipbuilding industry—and try to establish direct contact.

The conclusion of an agreement or contract is still not the beginning of business, as agreements, contracts and articles of association are subject to approval by the appropriate authority. Reporting the Provisions to Encourage Foreign Investment, in force since last October, Jeanne-Marie Claydon of the London School of Oriental and African Studies writes that applications for such approval should now be dealt with within three months.†

The new Provisions were enacted by the State Council of the PRC to pacify foreign investors frustrated by the difficulties of obtaining foreign exchange, red tape and high operating costs. However these guidelines show an ambiguity, resulting probably from the desire to satisfy diverse and often contradictory ideological streams within the government. In response to complaints about interference in the internal organisation of foreign investment enterprises, a "right of autonomy" is "guaranteed." But this does not abrogate any of the existing powers of supervision under the law. The provisions refer to "support" to be given to foreign enterprises to manage themselves "in accordance with internationally advanced scientific methods." This is said to confirm that foreign companies will not be required to copy the management methods of Chinese state enteprises.

Foreign-investment enterprises are given the "right" to determine by themselves matters such as production and operation plans, the purchase of materials, the sale of products, the raising of funds, and wage and bonus structures, writes Ms Claydon, but she adds, "questions of the scope of authority under the contract will presumably continue to be dealt with by a process of negotiation between the relevant authorities and the investor."

The Provisions, like all rules relating to foreign investment in China, are framed in terms of administrative guidelines rather than strictly enforceable rights and obligations. Accordingly, their actual impact will depend upon their interpretation and application by the authorities.

Such interpretation of guidelines will in its turn depend on the relative strength of ideas and political factions transmitted to the businessmen through the bureaucracy. This, by being slow, is a stabilising factor of sorts. Since 1976, western economists ranging from Adam Smith to Milton Friedman and Ota Sik, the Czech theoretician of market socialism, were translated into Chinese. Even more important may be the influence of growing foreign trade, aid, co-operation and investment activity in *China. But the opposition of the* "apparatus" aaginst reform—and the old see-saw of decentralisation and recentralisation—combine with new social tensions.

As Dr Messmann says, the perpetual change from chaos to order and back again is an old *established Chinese concept.* The western business negotiators will have to adopt either a very short or a very long perspective.

* *No 2, Vol III, Bulletin of the European Association for Chinese Law (Square de la Quiétude 7, Brussels)*

† *(1986) FT Business Law Brief, November. Page 7*

COMMODITIES AND AGRICULTURE

Comex studies 'twilight trading'

By Deborah Hargreaves in New York

NEW YORK'S Commodity Exchange (Comex) is considering joining the battle to catch the twilight trade by keeping its floors open for evening trading, Exchange officials said yesterday.

The move comes as a direct response to the Chicago Board of Trade's previously announced move to trade its new gold and silver futures contracts in its 6 pm to 9 pm evening sessions.

"The CBOT talks about trading gold and silver at night and we would be stupid to ignore them," a Comex official said. He stressed, however, that the Exchange had not yet applied for regulatory approval for the move. A decision was likely at next Thursday's board meeting, he added.

With the CBOT poised to move ahead with the launch of its new 100 oz gold and silver futures contracts in its first Sunday night trading session on September 13, Comex is debating whether or not to rush through its own decision to institute evening trading by that date.

The CBOT originally filed to trade its own precious metals contracts in the wake of clearing problems at Comex earlier this year, which forced the Exchange to close early three days in a row.

Comex had in fact made its own move twoards 24-hour trading by linking up its gold futures contract with the Sydney Futures Exchange in Australia last November. If it were successful this would effectively constitute night trading, but volume on the contract in Sydney has dwindled largely because of the underdeveloped local trading community.

"The important thing with the link was getting it in place," the official commented, "it could come alive at any moment," he added optimistically.

Cominco strike 'has cost $200m'

THE THREE-month strike at Cominco facilities in British Columbia has cost one of the world's major zinc producers at least $200m and now the company fears it could lose customers, a senior Cominco official said yesterday, reports Reuter from Toronto.

Since the strike began about $100m worth of zinc production has been lost, as well as $37m worth of lead production and $23m of silver production, according to the official. Some of the remaining losses result from stopped production of fertiliser and semiconductors.

Production has been halted at the plants since May 9. Three United Steelworkers of America locals, representing 2,600 production and maintenance workers, approved a new three-year contract on July 17, but refused to return to work until all five locals settled.

US increases estimate of Soviet grain crop

THE US Agriculture Department has increased its estimate of the 1987 Soviet grain crop to 205m tonnes, 10m tonnes up from last month's projection, reports Reuter from Washington.

In its monthly USSR Grain Situation and Outlook report the USDA also reduced its estimate of 1987-88 Soviet grain imports to 31m tonnes from last month's projection of 36m tonnes.

Last year the Soviet Union produced 210m tonnes of grain, according to USDA figures.

The department said the higher 1987 crop estimate was based on increases in both the projected area and yield. Favourable growing conditions in the European Soviet Union since mid-June had raised yield expectations for small grains and pulses, it said, and the estimate of area planted had been increased by 1m hectares to 116m.

The USDA estimated 1987 Soviet coarse grain output at 111.5m tonnes and wheat output at 78.5m tonnes.

The increase in the total harvest estimate included 3m tonnes of wheat and 6m tonnes of coarse grains.

The revised estimate of Soviet grain imports for July-June 1987-88 included 19m tonnes of wheat, 11m tonnes of coarse grain and 1m tonnes of miscellaneous grains, pulses and rice.

The department said Soviet grain buying activity had been relatively subdued, as it was a year ago.

The level of this year's wheat imports will depend on the quality of the 1987 wheat crop and on feed wheat import decisions, it added. Feed wheat prices were very attractive in 1986-87, prompting Soviet purchases of nearly 4m tonnes.

With the Soviet Union projected to harvest its largest coarse grain crop since 1976, imports are expected to be the smallest in a decade, USDA said.

According to the Soviet mid-year Plan Fulfilment Report, more than 35m hectares of grain crops were under intensive technology in 1987, up about 20 per ent from about 29m ha last year.

FAO raises wheat forecast

THE UN Food and Agriculture Organisation has raised its forecast of 1987 world wheat production by 5m tonnes to 522m, reports Reuter from Rome. Its forecast for overall cereals output remains at 1,823m tonnes, however.

FAO said the increased wheat estimate was offset by reductions in coarse grains and paddy production forecasts.

Coarse grains output is now seen at 821m tonnes compared with 825m forecast in June. Paddy production is put at 480m tonnes against 481m previously.

FAO said weather over the coming months would be crucial to the actual cereals harvest. The development of the south-west monsoon in Asia was particularly important.

The FAO's latest forecasts compare with estimated total cereals output in 1986 of 1,865m tonnes, comprising 537m tonnes of wheat, 857m of coarse grains and 471m of paddy.

It said plantings in several important cereals-producing regions of India had been delayed and early planted crops were stressed due to below-average rainfall.

Monsoon activity had also uneven in Thailand, Laos and Vietnam, where further precipitation was needed

In North America crop conditions were mostly favourable but plantings were lower, while in the Soviet Union recent wide-spread rains had improved crop prospects.

Cereal crops in several African countries were threatened by grasshoppers and locusts, but emergency control campaigns were under way, FAO said.

Its first forecast of world cereal carryover stocks in the crop year ending 1988 is 420m tonnes against an estimated 445m for 1986-1987.

The expected decline, which follows four years of uninterrupted growth, is seen mainly in holdings of coarse grains. These are expected to fall by 14m tonnes to 218m.

World cereal imports are initially forecast at 194.3m tonnes for 1987-1988 against an estimated 186.5m in 1986-87.

Most of the increase in import demand is expected to be met by larger shipments from the US.

Drought hits Thai rice crop

BY PETER UNGPHAKORN IN BANGKOK

RICE PRODUCTION in Thailand, the world's largest exporter, is expected to fall significantly this year, partly because of a drought in the past two months, normally the start of the main planting season.

Other crops are expected to suffer as well, including cassava (manioc), which was earlier thought to be heading for a bumper harvest. Results of the latest cassava survey are due in the next few days.

Domestic and export rice prices have increased steadily since January. High grade (100 per cent B) Thai white rice, which was being exported for about $170 FOB per tonne at the beginning of the year, is now selling at about $200, but now selling at about $200, but exports this year could be 3.7m tonnes or less compared with 4.3m tonnes last year.

The effect of the drought, however, will mainly be felt in next year's rice exports. It is too early to assess the precise damage, but officials are talking of a main harvest of about 15m tonnes of paddy (unmilled rice) instead of the normal 17m tonnes.

For most of the 30m people who depend on rice farming, the price increases came too late, although a new soft loan scheme allowed many to stock paddy for several months after the new year harvest. Previously prices were depressed by overproduction in several countries and huge subsidies in the US, Thailand's main competitor. The drought is an additional blow.

Damage is estimated to affect about 26.2m hectares with the severest effects on 14.4m hectares, mainly in the less fertile north east. About 9.4m hectares of rice land is said to be affected.

The Government reacted by allocating about baht 160m ($6m) in relief funds and by sending in the army with explosives to excavate reservoirs and irrigation channels.

Drought has also been reported in rice producing countries such as Burma and Pakistan, and floods in rice growing areas of China and the US. The expected decline in the world's exportable surplus is likely to be offset partly by a decline in demand from Latin America.

Kenyan coffee sales up 31%

KENYA'S COFFEE exports rose to 124,216 tonnes in the year to September 30 1986 from 96,244 previously, officials said, quoting the 1986 annual report of the Coffee Board of Kenya (CBK), due to be released shortly, reports Reuter from Nairobi.

The 31 per cent increase in shipments was due to the suspension of International Coffee Organisation (ICO) coffee export quotas in February 1986 which enabled Kenya to dispose of carryover stocks, the officials said.

Kenya earned 7.8bn shillings ($487m) from coffee in 1985-86, up from 4.3bn ($268m) in 1984-85, they added.

Coffee output from Kenya's estates sector rose 57.5 per cent in the year to September 30 1986 to 46,000 tonnes from 29,000 in 1984-85 due to a greater use of irrigation, officials said.

Output from smallholder plots which are watered only by rainfall rose by less than 1 per cent to 68,300 tonnes from 67,700 previously, they added.

The area planted to coffee in Kenya was 156.304 hectares in the year to September 30 1986, unchanged from 1984-85.

The smallholder sector accounted for 117,677 hectares and the higher-yielding estates sector 38,627.

Within the traditional coffee-growing areas the greatest potential for boosting production existed in increasing yields per hectare rather than the area planted, they quoted the report as saying.

Paris sugar market under siege

BY GEORGE GRAHAM IN PARIS

FRANCE'S COMMODITY traders are facing an assault on their home ground.

White sugar futures, the product in which they have for years dominated the world, are attracting covetous glances from other international market-places.

In London, trading began last month on a new computerised white sugar market, while in October New York's Coffee, Sugar and Cocoa Exchange is to launch its own white sugar contract.

New York has for a long time led the world market in raw sugar, followed by London, but the dealers in the glass rotunda of Paris's Bourse du Commerce have enjoyed a near monopoly of futures trading in the refined product.

Both London and New York have tipped their caps at Paris by modelling their contracts closely on the French white sugar future, but they could pose a direct threat if they take away business from the Paris market.

Inside France, too, the commodities exchange faces a threat. The creation of a Paris market in financial futures, the Matif, in February 1986 led to an exodus of dealers which severely disrupted many sugar trading houses.

The arrival next month of a batch of new Matif members has meant further raids on experienced dealing staff. They are tempted by the prospect of a fast-expanding market—the sugar market has done little more than mark time for the past three years.

The new London computerised market in white sugar appears to have got off to a good start, with trading volume rivalling turnover on the Paris open outcry market. This apparent success contrasts with the failure of London's last attempt at a white sugar contract in 1983.

In Paris, however, sugar dealers believe the sponsors of the new London market have tried to get their baby off to a flying start by trading among themselves to inflate the turnover figures. They point out that open interest, the number of contracts kept open overnight rather than simply traded during the day, remains higher in Paris than in London.

"No professional finds the volume of contracts traded in London plausible" commented Mr Henri Azzopardi, president of the French commodity exchange.

"At a time when the market was moveing we might have thought that there was something in it, but nothing has happened to sugar market fundamentals since the London market opened."

Mr Azzopardi does not believe the London computerised market will pose much of a threat to Paris's pre-eminence.

"The London market in white sugar is the creation of three or four UK trading houses who want to create a tool for themselves, not make a liquid market for end users. I do not understand the persistence with which some professionals invest their time and money in copying a market which works already," Mr Azzopardi said.

While admitting that dealing costs on his exchange are higher —fixed commissions end up at around FFr 50 (£6.30) per 50 tonne lot — Mr Azzopardi believes Paris can offer better service to the client, with narrower spreads between buying and selling prices and swifter execution of large trades.

"If the cost is reduced on the London market it is because the service is bad. You cannot perform miracles," he said.

A more serious threat, in the eyes of the Paris sugar traders, comes from the New York white sugar market, due to open in October. Besides the larger amounts of capital available in the US markets, they feel that the US commission brokers will be more aggressive than London's trading houses in developing a deep and liquid market.

PARIS WHITE SUGAR TRADING VOLUME (million tonnes)	
1986	26.04
1985	21.95
1984	17.20
1983	16.83
1982	12.89
1981	10.93

They believe, however, that the New York white sugar contract, though it will gain from being traded close to the active oil futures pits, will suffer from its proximity to the existing raw sugar contract. The same people will end up trading both contarcts, and cannot be active in both pits at once.

The Paris sugar market has developed into the only French commodity market that really functions on a world scale.

Although trading volume in the robusta coffee market and the Lille-Roubaix-Tourcoing potato market grew rapidly in 1986 from the previous year's low levels they remain small. The cocoa bean market, meanwhile, has slumped, while the cocoa butter contract introduced in April last year was practically stillborn.

The white sugar market, however, saw turnover of 26m tonnes in 1986, and 16.3m tonnes has been traded in the first seven months of 1987. Around 70 per cent of the volume is accounted for by foreign dealers, and the Paris market has attracted operators ranging from producers like Cuba and Poland to the sugar-buying Arab nations.

Although partly handicapped in the past by France's exchange controls, the sugar market has managed to open itself up to international traders by making the futures contract freely convertible from French francs into dollars for non-residents.

In a period of bear markets in its main commodities, however, the exchange has kept its head above water rather than made huge progress. It continues to plead for structural concessions from the French authorities which would allow it to gain ground again.

In the first place, the market's operators want more even-handed tax treatment to allow investors and speculators to come into the market. At the moment, gains on commodity futures are taxed at 58 per cent in France, compared with a rate of 16 per cent on capital gains in the stock market or on the year-old financial futures exchange.

The second change sought by the commodities exchange is for mutual funds to be allowed to invest in futures, both in France and abroad.

Mr Azzopardi blames the failure of the cocoa butter contract largely on these institutional problems and hopes that the French finance ministry will soon revise its position.

"We have projects in the drawer. There is no reason why the market should not develop if we get a more welcoming institutional structure," he said.

LONDON MARKETS

THE London Metal Exchange nickel market extended its recent upward movement yesterday, despite being held back somewhat by sterling's firmness against the dollar. The cash price closed at £3,417.50 a tonne, up £32.50 on the day and £94 on the week so far. That took the rise over the past month to about £550 a tonne. Yesterday the rise, which has been the result of tight supplies and heavier-than-expected demand from the steel industry, was given added impetus by what dealers described as "aggressive" buying from European merchants, Japanese consumers and operators still seeking cover for options commitments. In contrast the LME copper market lost the greater part of the gains registered earlier in the week as sellers anticipated the approach of the summer plant-closure season. Freer "lending" (selling cash and buying forward) was in evidence as the cash Grade A price fell £11 to close to £1,125.50 a tonne, and this was reflected in a narrowing of the cash premium over three months metal from £18.25 a tonne to £13.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or −	High/Low
Cash	—	—	—
3 months	1705-15	−5	1712/1702

Official closing (am): —— (——), three months 1,705-15 (1,710-20). settlement —— (——). Final Kerb close: Not available. Ring Turnover: Nil. ALUMINIUM—99.5 per cent

99.5% purity	£ per tonne		
Cash	1162-4	−16	1159
3 months	1163-4	+88.25	1068/1065

Official closing (am): Cash 1,158-9 (1,173-4), three months 1,066-7 (1,075-6). settlement 1,159 (1,174). Final Kerb close: 1,066-7. Ring Turnover: 7,050 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1125-6	−11	1137/1125
3 months	1112-3	−5.75	1122/1112

Official closing (am): Cash 1,134.5-4.5), three months 1,121.5-2 (1,124-5), settlement 1,135.5 (1,144.5). Final Kerb close: 1,115-6.

Standard			
Cash	1124.5-5.5	−11	1134
3 months	1106-11	−8	—

Official closing (am): Cash 1,134-5 (1,141-4), three months 1,117-20 (1,117-21), settlement 1,135 (1,144). US Producer prices: 80-86 cents a pound. Total Ring Turnover: 52,475 tonnes.

LEAD

Official closing (am): 421-2 (425-6), three months 392-2.5 (398-9), settlement 422 (426). Final Kerb close: 392-2.5. Ring Turnover: 25,500 tonnes. US Spot: 42 cents a pound.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	424.5-5.5	+3.5	425/422
3 Months	395-6	−1	398/392

NICKEL

Official closing (am): Cash 3,420-30 (3,365-70), three months 3,445-50 (3,390-5), settlement 3,430 (3,370). Final Kerb close: 3,430-5. Ring Turnover: 2,358 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3415-20	+32.5	3430
3 months	3455-7	+33.5	3455/3450

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	509-10	−3.75	511.5/511
3 months	509.5-10	−1.75	512/509

Official closing (am): Cash 511-11.5 (515-16), three months 511-11.5 (514-16), settlement 511.5 (516). Final Kerb close: 509-9.5. Ring Turnover: 8,725 tonnes. US Prime Western: 47.5-48.5 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.33 (same) ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price	Calls		Puts	
	$/tonne	Nov.		Nov.	
Aluminium 99.7%	—	—		—	
		Sept.	Nov.	Sept.	Nov.
Aluminium 99.5%	1,675	—	—	10½	63½
	1,700	61	48	13	83
	1,725	42½	40½	—	—
Copper (Grade A)	1,725	—	—	16½	65
	1,750	29	73	25	78½
	1,775	44	59	—	—
	£/tonne				
Copper (Grade A)	1,100	—	—	10	33½
	1,125	25	32	19	46
	1,150	13½	23½	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	Aug 12	
Close	$462¼-463	(£293¼-295)
Opening	$460¼-460¾	(£293-293¼)
M'n'g fix	$461.00	(£293.444)
Aft'n'n fix	$463.40	(£293.384)
Day's high	$463¼-463¾	—
Day's low	$459¼-460	—

GOLD AND PLATINUM COINS		
Am Eagle	$474¼-479¼	(£300-303)
Mapleleaf	$475-478	(£300¼-302¼)
Kr'g'r'nd	$460¼-463¼	(£291-293)
½ Krug	$241¼-242¼	(£152¾-153¼)
¼ Krug	$121-122	(£76¼-77¼)
Angel	$472-475	(£298¾-300¼)
1/10 Angel	$45¼-50¾	(£28¾-32¼)
New Sov.	$108-109	(£68¼-69)
Old Sov.	$108-109½	(£68¼-69¼)
Noble Plat.	$404¼-411¼	(£255¼-260¼)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.95p per kg lw (−0.68). GB—Sheep 180.50p per kg est dcw (−18.28). GB—Pigs 75.41p per kg lw (+1.82). GB—AAPP 97.02p per kg dw (−0.74).

INDICES

REUTERS

Aug. 11	Aug. 10	M'th ago	Year ago
1647.2	1651.0	1640.0	1458.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 11	Aug. 10	M'th ago	Year ago
Spot	128.23	128.10	—	117.12
Fut	128.07	128.63	—	114.76

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 12 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1818/880	−30	$1675/695
Copper			
Cash Grade A	£1125.5	−11	£1004.5
3 months	£1125.5	−5.75	£992.5
Gold Troy oz	$462.75	+2	$452.75
Lead Cash	£425	+3.5	£388
3 months	£395.5	−1	£370.5
Nickel			
Free Mkt	242/262c	+3	219/235c
Palladium oz	$148.25	−0.5	$141.25
Platinum oz	$635.00	−9	$573.5
Quicksilver†	$270/275		$248/255
Silver troy oz	494.20p	−4.15	473.65p
3 months	507.20p	−4.00	484.50p
Tin			
free Mkt	£4140/170	−30	£3978/400
Tungsten	$53.59		$56.21
Wolfram 22.01lb	$43/55		$45/55
Zinc	£509.5	−3.75	£509
3 months	£509.75	−1.75	£493.5
producers	$860		$860
OILS			
Coconut (Phil)	$460x	−30	$455
Palm Malayan	$300v		$307.5
Seeds			
Copra (Phil)	$300x	+10	$305
Soyabean (U.S.)	$150.5x		$150
GRAINS			
Barley Fut. Nov.	£99.60	+0.25	£99.85
Maize	£154.00	−1.5	£150.50
Wheat Fut. Nov.	£101.60	+0.35	£101.70
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1321.5	+1	£1369.5
Coffee Ft. Nov	£1306	+16.5	£1236.5
Cotton A Ind.*	84.50c	+0.10	82.85c
Gas Oil Sept.	$166.25	+0.25	$172
Rubber (kilo)	70p	−0.25	68.25p
Sugar (raw)	$156.6x	−0.6	$170
Wooltops 64s	486p kilo		478p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct.-Nov. T Sept. u Sept-Oct.

SILVER

Silver was fixed 4.15p an ounce lower for spot delivery on the London bullion market at 494.20p. US cent equivalents of the fixing levels were: spot 776c, down 5.5c; three-month 790.20c, down 5.3c; six-month 804.85c, down 5.05c; and 12-month 835.35c, down 4.05c. The metal opened at 495-496½p (778-780c) and closed at 495¾-497¾p (784-786c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	494.20p	−4.15	785c	+6
3 months	507.20p	−4.00	797c	+5.5
6 months	520.00p	−4.65	—	—
12 months	545.30p	−3.45	—	—

LME — Turnover: Nil (nil) lots of 10,000 ounces.

Three month final kerb 795-9c.

COFFEE

A strong performance was seen from Robustas as the market ignored a weaker dollar, reports Drexel Burnham Lambert. After a dull morning prices began to rally following a steadier New York market. A wave of commission house buying on the close pushed levels higher.

COFFEE	Yesterday close	+ or −	Business done
Sept	1262-1263	+17.5	1263-1263
Nov	1305-1307	+16.5	1307-1285
Jan	1325-1328	+11.0	1329-1310
Mar	1345-1350	+6.5	1345-1335
May	1368-1375	+7.0	1360
July	1395-1402	+13.0	1382
Sept	1400-1420	+0.5	—

COCOA

After being steadier during the morning futures eased back to unchanged levels and closed on a quiet note. Producers and consumers continued withdrawn with only light second-hand dealer/broker business noted, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept	1279-1280	—	1286-1278
Dec	1321-1322	+1.0	1329-1316
March	1350-1351	—	1359-1356
May	1370-1373	+1.0	1381-1372
July	1390-1392	−0.5	1401-1392
Sept	1406-1409	−1.5	1418-1409
Dec	1430-1434	+2.0	1441-1450

Sales: 3,135 (3,277) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for August 12: 1,600.20 (1,587.18); 10-day average for August 13: 1,593.90 (1,595.83).

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	90.00	89.40	99.00
Feb.	99.00	97.50	—
March	87.00	86.50	87.00
Apr.	130.50	128.00	130.50-128.30
May.	143.00	141.20	143.00-142.00

Sales: 651 (525) lots of 40 tonnes.

FREIGHT FUTURES

Good buying in anticipation of a higher BFI saw higher levels maintained throughout the morning. The announcement of a record 44.5 rise in the BFI took the market by surprise and the futures rose accordingly. Bullish sentiment was fuelled throughout as rumours of Gulf/Japan fixtures at $17.50 and even $18.00 circulated the market, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
Oct.	1217/1220	1/2211188	1187
Jan.	1215	1220/1188	1185
Apr.	1240	1240/1205	1213
July	1100	1100/1080	1070/1080
Oct.	1160	—	1130
Jan.	1165	—	1145
April	1200	—	1185
BFI.	1118.5		1074

Turnover: 824 (214).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 94.00, Oct 98.00, Nov 97.50. US No 2 Soft Red Winter: Sept 93.25, Oct 95.00, Nov 97.00. French 11½-12 per cent: Aug 123.00. English feed, fob: Oct 104.00, Oct/Dec 105.00 sellers, Jan/March 108.50-109.00 buyer/seller, April/June 113.75 seller. Maize: US No 3 Yellow/French transhipment East Coast: Aug 154.00. Barley: English feed: Aug 97.50-98.00, Sept 99.25-99.50 buyer/seller. Oct/Dec 104.75 buyer.

Wheat opened 15p up and traded on a steady note with shipper buying in evidence. As country markets reported extensive milling wheat premiums the main feature of the morning futures trade was the September position closing £1 up although only trading two lots. Sellers were attracted to this level in the afternoon and the market remained steady.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
Sep.	100.00	+0.35	96.65	+0.25
Nov.	101.60	+0.35	99.60	+0.25
Jan.	104.35	+0.35	102.35	+0.20
Mar.	107.10	+0.35	104.75	+0.25
May	109.70	+0.35	106.90	+0.25
July	112.26	+0.35	—	—

Business done—Wheat: Sept 100.45-99.85, Nov 101.50-1.30, Jan 104.25-4.15, March 107.10-6.85, May 109.70, June untraded. Sales: 137 lots of 100 tonnes. Barley: Sept 96.60-6.45, Nov 99.60-9.35, Jan 102.30-2.15, March 104.75, May untraded. Sales: 140 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 93.30, E. Midlands 92.70, N. East 94.10, Scotland 93.70. The UK monetary coefficient for the week beginning Monday August 17 will remain unchanged.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) August		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.45-17.55*	+0.25
Brent Blend	19.40-19.55	+0.075
W.T.I. (1pm est)	20.95-21.05*	+0.175
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-196	—
Gas Oil	162-164	—
Heavy fuel Oil	107-109	−1.5
Naphtha	168-170	+1.5

* September

Petroleum Argus estimates

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or −	Business done
August	122.0-128.0	−0.05	—
October	125.8-126.5	−0.85	125.5
Dec.	125.5-126.5	−0.60	126.0-124.5
Feb.	127.5-128.5	−0.40	—
April	128.5-129.5	−0.20	—
June	126.0-127.5	−0.40	—
August	125.5-127.5	−0.40	125.0

Sales: 135 (625) lots of 20 tonnes.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
Sept.	164.00	−0.25	167.25-63.50
Oct.	166.25	+0.25	168.50-65.50
Nov.	168.00	—	170.50-67.75
Dec.	170.50	+0.25	171.50-70.50

Turnover: 4,547 (4,002) lots of 100 tonnes.

US MARKETS

FOLLOWING Tuesday's strong close and positive API statistics, crude oil futures continued steady in early trading before profit-taking erased gains, repots Drexel Burnham Lambert. The precious metals finished mixed following a lacklustre session dominated by local trading. Copper, on the other hand, traded indifferently for most of the day but towards the close persistent selling saw prices penetrate short term support levels, touching off stops before failure to piece longer-term support saw prices rally on short-covering in a highly volatile last few minutes. Sugar eased on commission house and local selling in the face of trade support, Coffee opened lower as light stops were touched off but trade buying forced short-covering which rallied prices. Cocoa rallied early on commission house and local buying, but trade and arbitrage selling prompted long liquidation. Cotton moved sharply higher on good trade buying as a bearish domestic crop report was more than offset by a bullish world report. The grains were quiet but easier across the board in response to the expected bearish crop production report. Short-covering and profit-taking pared early losses. Cattle futures firmed on technical buying in anticipation of a constructive cattle-on-feed report next week. Feeder cattle led the way. Hogs rallied strongly

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	77.40	77.60	—	—
Sept	77.40	77.60	—	—
Oct	76.90	77.10	—	—
Dec	76.40	76.60	76.00	76.00
Jan	75.90	76.10	—	—
March	75.40	75.60	—	—
May	70.90	71.10	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1926	1923	1942	1925
Dec	1940	1933	1955	1938
March	1965	1962	1980	1962
May	1985	1985	1999	1995
July	2005	2008	—	—
Sept	2030	2028	—	—
Dec	2065	2053	2060	2060

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
Sept	104.78	103.30	104.99	103.15
Dec	108.90	107.30	109.00	106.80
March	112.50	110.75	112.70	110.70
May	114.70	113.00	114.70	113.00
July	116.86	115.00	118.15	114.75
Sept	119.00	116.88	118.75	116.75
Dec	121.25	118.70	120.15	118.75

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
August	79.30	79.60	79.30	79.30
Sept	78.90	79.40	79.55	77.50
Oct	78.40	78.85	—	—
Dec	77.45	77.85	78.00	76.80
Jan	76.90	77.30	—	—
March	75.55	75.90	76.00	74.80
May	75.00	75.35	75.35	75.05
Sept	84.65	75.00	—	—
Dec	74.65	75.00	75.25	75.25

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	78.35	76.35	78.35	76.80
Dec	77.37	75.37	77.37	76.00
March	78.25	76.25	78.35	77.00
May	78.72	76.77	78.75	77.70
July	78.70	77.40	78.80	77.40
Oct	71.20	70.13	71.20	70.50
Dec	69.08	69.13	69.10	68.50

CRUDE OIL (LIGHT)

	Latest	Prev	High	Low
Sept	20.99	20.99	21.17	20.85
Oct	20.71	20.74	20.85	20.58
Nov	20.57	20.61	20.73	20.45
Dec	20.47	20.50	20.60	20.40
Jan	20.40	20.42	20.47	20.35
Feb	20.34	20.37	20.46	20.34
March	20.37	20.33	20.43	20.32
April	20.25	20.30	20.35	20.25
May	20.25	20.28	20.32	20.25
June	20.20	20.27	20.34	20.19

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
August	463.2	464.2	464.5	461.8
Sept	464.9	466.0	463.0	463.0
Oct	467.4	468.6	469.0	466.1
Dec	473.0	474.2	474.5	472.5
Feb	478.8	480.0	480.1	476.5
April	484.6	485.8	485.3	483.5
June	490.8	491.8	489.5	489.0
August	496.9	498.1	497.5	495.5
Oct	503.4	504.6	—	—
Dec	509.9	511.1	511.0	508.0
Feb	516.6	517.8	—	—
June	530.3	531.5	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Sept	54.50	54.55	54.75	54.25
Oct	56.20	55.28	55.50	54.80
Nov	56.35	56.00	56.20	55.55
Dec	56.55	56.70	57.00	56.35
Jan	57.00	57.20	57.45	56.90
Feb	57.35	57.35	57.80	57.35
March	56.20	56.10	56.50	56.20
April	55.00	54.95	55.00	55.00
May	54.09	53.90	54.20	54.00
June	53.90	53.55	—	—

ORANGE JUICE 15,000 lbs. cents/lb

	Close	Prev	High	Low
Sept	129.05	129.10	129.40	129.05
Nov	125.35	125.10	125.35	125.05
Jan	123.20	123.00	123.20	122.90
March	123.30	123.25	123.30	123.30
May	123.70	123.60	123.75	123.75
Sept	123.75	123.65	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	637.4	637.4	639.5	627.5
Jan	644.5	644.5	647.5	635.0
April	651.5	651.5	653.5	643.0
July	658.5	658.5	661.0	650.0
Oct	666.0	666.0	667.5	667.5

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
August	788.2	782.4	—	—
Sept	789.0	785.5	798.0	778.0
Oct	794.0	790.5	—	—
Dec	804.1	800.7	812.0	792.0
Jan	808.6	805.2	—	—
March	819.4	816.0	824.0	808.0
May	830.0	826.6	—	—
July	841.2	837.8	—	—
Sept	852.6	849.3	849.0	844.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	5.77	5.91	5.87	5.87
Oct	6.00	6.12	6.13	5.98
Jan	6.30	6.55	—	—
March	6.73	6.84	6.83	6.71
May	6.89	7.02	6.98	6.87
July	7.03	7.16	7.10	7.02
Oct	7.23	7.33	7.30	7.19
Jan	7.55	7.63	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	65.87	65.77	66.05	66.35
Oct	64.90	64.62	65.15	64.25
Dec	66.35	65.70	66.55	65.45
Feb	65.87	65.27	65.95	65.02
April	66.87	66.20	66.95	66.00
June	66.20	65.60	66.20	65.32
August	63.85	63.25	64.10	63.45

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
August	58.67	57.25	58.70	57.45
Oct	48.85	47.75	49.10	47.80
Dec	47.67	46.67	47.70	46.50
Feb	46.00	45.12	46.10	44.90
April	42.92	42.40	43.00	42.10
June	44.15	43.80	44.40	43.75
August	42.95	42.77	43.00	42.80

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
Sept	153.0	153.6	153.0	150.6
Dec	164.2	165.4	164.2	161.6
March	174.4	175.4	174.4	172.2
May	179.6	180.2	179.6	177.4
July	182.0	182.2	182.2	180.0
Sept	182.4	182.2	182.4	180.6
Dec	188.4	188.4	188.4	187.0

POK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
August	89.35	90.10	89.55	88.10
Feb	65.92	64.00	66.00	63.22
March	65.50	63.72	65.50	62.90
May	65.45	64.00	65.45	63.50
July	64.80	63.70	64.80	63.70

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
Aug	524.6	519.4	525.0	513.4
Sept	504.2	504.2	50'.4	495.0
Nov	496.0	501.0	499.6	491.6
Jan	502.4	507.2	504.6	497.2
March	509.2	512.4	510.0	504.0
May	512.0	518.4	514.4	509.0
July	572.0	519.4	516.4	510.0
Aug	508.4	515.4	—	—
Sept	500.0	—	503.0	503.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Aug	164.6	163.7	165.5	161.0
Sept	158.9	157.9	159.5	156.0
Oct	154.6	154.0	155.0	151.7
Dec	152.6	152.1	152.8	149.0
Jan	151.2	151.7	151.7	148.5
March	151.0	150.5	151.5	148.0
May	150.5	151.0	151.0	148.0
July	149.7	151.0	150.0	148.1
Aug	149.7	149.5	149.5	150.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	15.46	15.69	15.50	15.34
Sept	15.49	15.68	15.56	15.36
Oct	15.59	15.82	15.69	15.46
Dec	15.91	16.15	15.98	15.82
Jan	16.05	16.26	16.15	16.01
March	16.38	16.60	16.46	16.30
May	16.70	16.79	16.70	16.52
July	16.85	16.96	16.85	16.70
Aug	16.67	16.85	16.64	16.70
Sept	16.75	16.90	16.83	16.75

WHEAT

	Close	Prev	High	Low
Sept	268.6	267.6	269.2	264.0
Dec	284.2	283.4	284.2	279.4
March	292.4	291.2	292.6	288.4
May	292.2	291.0	292.2	288.2
July	281.0	281.0	281.4	278.0
Sept	284.0	284.0	—	—

SPOT PRICES: Chicago loose lard 14.00 (14.50) cents per pound. Handy and Harman silver bullion 782.0 (775.5) cents per troy ounce. New York tin 302-308 (303-307) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar $155.60 (£99.20), down 60c (down 40p) a tonne for Aug-Sept delivery. White sugar $176.60, down 80c.

No. 6 Contract	Yesterd's close	Previous close	Business done
	$ per tonne		
Oct.	184.9-184.8	187.8-187.8	186.8-184.7
Dec.	142.0-145.0	142.0-145.8	—
Mar.	150.8-151.0	152.6-156.6	155.0-156.8
May.	154.8-155.2	158.4-157.2	—
Aug.	158.0-159.0	158.0-161.2	160.0
Oct.	161.8-161.8	168.8-162.4	—
Dec.	166.0-166.0	165.0-168.8	—

Sales: 1,223 (1,703) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £203.00 (£203.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 11: Daily price 5.80 (5.82); 15-day average 5.67 (same).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.00p (70.25p); Sept 69.25p (69.50p); Oct 69.50p (69.75p). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg was RSS No 1 258.0 (same), SMR 20 222.5 (same).

India predicts sugar production record

INDIA'S sugar production will hit a record 8.5m tonnes in the year to September 1987, compared with 7m in 1985-86 and the previous high of 8.4m in 1981-82, Food and Civil Supplies Minister Mr H. K. L. Baghat told parliament.

He said India imported 781,000 tonnes of sugar costing 2.50bn rupees in the financial year ending March 1987, against 2.02m tonnes costing 4.40bn in 1985-86. He added that the Government was stepping up efforts to cut imports.

Mr Baghat said in a written reply to parliament last week that the value of Indian sugar imports fell to 2.10bn rupees in 1986-87, compared with 4.46bn in 1985-86.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound gains as dollar falls

THE DOLLAR lost ground in afternoon European trading, after a dull and quiet morning. European dealers were generally waiting for New York to mount another attack on DM 1.90, in an attempt to establish a higher trading range for the dollar.

The US currency briefly pushed above DM 1.90 in New York on Tuesday, and yesterday's statement by the Bank of Japan, indicating that recent intervention by the US Federal Reserve and West German Bundesbank had been no more than a smoothing operation, lent further support to the view the dollar would move higher.

But the dollar fell suddenly shortly after the New York opening yesterday, after hovering just below DM 1.90 during the European morning.

There was no sign of central bank intervention, and the US currency appeared to lose ground on an unwinding of long positions ahead of tomorrow's US trade figures for June.

Dealers were tempted to take profits, in spite of forecasts that the trade deficit will fall to around $13bn from the may figure of $14.4bn.

There was some nervousness that if the trade figures are worse than expected, and Japanese demand at today's 30-year US Treasury bond auction is disappointing, sentiment could turn against the dollar.

The dollar fell to DM1.8920 from DM1.8975; to FFr6.3125 from FFr6.3275; to SFr1.5725 from SFr1.5765; and to Y151.30 from Y151.70.

On Bank of England figures the dollar's index fell to 104.9 from 105.1

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index rose 0.2 to 72.5, compared 68.7 six months ago.

Sterling benefitted from the dollar's decline yesterday. Encouraging UK economic news this week, including the reduction in June's balance of payments deficit, attracted funds moving out of the dollar into sterling.

Dealers questioned whether the recent ceiling of DM3.00 would hold, after last week's rise in bank base rates, now that it was clear higher rates were for reasons of control over credit expansion, rather than fear about a worsening trade position.

Sterling gained 1 cent to $1.5795-1.5805, and also rose to DM2.99 from DM2.98; to FFr9.9750 from FFr9.9350; to SFr2.4850 from SFr2.4750; and to Y239 from Y238.25.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. July average 1.8486. Exchange rate index 145.5 against 148.7 six months ago.

The D-Mark finished stronger against the dollar, after the US currency suffered a bout of selling when US markets opened.

The Bundesbank did not intervene when the dollar was fixed at DM1.8986 in Tokyo, compared with DM1.8958 on Tuesday. The fixing level was near the upper end of the morning's trading range, and the highest since January 12.

The market was unmoved by a fall of DM100m to DM106.7bn in the Bundesbank's gross currency reserves in the week to August 7. The figures probably does not take account of recent intervention by the central bank to support the D-Mark.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. July average 150.25. Exchange rate index 214.5 against 208.3 six months ago.

The yen continued to trade very quietly against the dollar, with many dealers in Tokyo on holiday.

Middle East news kept the dollar firm, but the market was looking for guidance on the future trend of the US currency from the result of today's US Treasury 30-year bond auction and tomorrow's US trade figures for June. It was said that Japanese investment houses may be reluctant to bid at the auction so close to the trade figures.

The dollar rose to Y151.40 in Tokyo from Y151.15 on Tuesday.

£ IN NEW YORK

Aug. 12	Latest	Previous Close
£ Spot	1.5800-1.5810	1.5725-1.5735
1 month	0.43-0.40 pm	0.43-0.42 pm
3 months	1.23-1.19 pm	1.20-1.17 pm
12 months	3.85-3.75 pm	3.82-3.74 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Aug 12	Previous
8.30 am	72.2	72.2
9.00 am	72.2	72.2
10.00 am	72.2	72.2
11.00 am	72.2	72.2
Noon	72.2	72.1
1.00 pm	72.2	72.0
2.00 pm	72.4	72.1
3.00 pm	72.5	72.1
4.00 pm	72.5	72.2

CURRENCY RATES

Aug. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.797254	0.695438
U.S. Dollar	5.5	1.25253	1.09288
Canadian $	8.25	*	1.45550
Austrian Sch.	4	16.6954	14.5867
Belgian Franc	7¾	49.3729	43.1185
Danish Krone	7	9.11114	7.95289
Deutsche Mark	3.0	2.37615	2.07505
Neth. Guilder	4½	2.67702	2.33756
French Franc	9½	7.92719	6.92285
Italian Lira	11.5	N/A	1503.8
Japanese Yen	2½	189.544	165.681
Norway Krone	8	8.63682	7.54798
Spanish Peseta	—	160.947	140.544
Swedish Krona	7½	8.25321	7.20973
Swiss Franc	3.5	[illegible]	[illegible]
Greek Drach.	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Aug. 11; 1.66471.

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Aug. 12	£	$
[illegible]	[illegible]	[illegible]
Iran	115.20*	73.00*
Korea (Sth)	1266.50-1278.00	805.50-812.10
Kuwait	0.45010-0.45060	0.28580-0.28590
Luxembourg	62.05-62.15	39.25-39.35
Malaysia	4.0195-4.0285	2.5475-2.5485
Mexico	2284.35-2286.95	1448.00-1449.00
N. Zealand	2.7050-2.7180	1.7285-1.7315
Saudi Ar.	5.9070-5.9125	3.7505-3.7515
Singapore	3.3235-3.3310	2.1075-2.1085
S. Af. (Cm)	3.3185-3.3255	2.1075-2.1120
S. Af. (Fn)	5.3375-5.3250	3.3900-3.5090
Taiwan	47.40-47.65	30.15-30.25
U.A.E.	5.7840-5.7885	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1185	+1.56	+0.88	±1.5344
Danish Krone	7.85212	7.95289	+1.28	+0.60	±1.6404
German D-Mark	2.05853	2.07505	+0.80	+0.12	±1.0981
French Franc	6.90403	6.92285	+0.27	−0.41	±1.3674
Dutch Guilder	2.31943	2.33756	+0.78	+0.10	±1.5012
Irish Punt	0.768411	0.774488	+0.79	+0.11	±1.6684
Italian Lira	1483.58	1503.80	+1.36	+1.24	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

August 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5680-1.5815	1.5795-1.5805	0.43-0.40c pm	3.15	1.23-1.18 pm	3.05
Canada	2.0865-2.1055	2.1040-2.1050	0.15-0.05c pm	0.57	0.50-0.37 pm	0.83
Netherlands	3.35¾-3.37	3.36-3.37	1⅝-1¼c pm	4.68	4⅛-3⅞pm	5.35
Belgium	61.80-62.15	62.05-62.15	20-17c pm	3.57	55-52 pm	3.45
Denmark	11.41¼-11.46¾	11.45½-11.46½	1-1⅝ore dis	−1.37	4-4¼ dis	−1.53
Ireland	1.1093-1.1161	1.1148-1.1158	par-0.10p dis	−0.54	par-0.20 dis	−0.36
W. Germany	2.97¼-2.99¼	2.98½-2.99½	1½-1⅜pf pm	5.77	4½-4⅜ pm	5.94
Portugal	231.55-234.50	233.52-234.46	54-122c dis	−4.51	242-357dis	−4.95
Spain	201.82-203.10	202.79-203.08	79-112c dis	−5.65	185-234 dis	−4.13
Italy	2157¼-2169¾	2166½-2167½	3-6lire dis	−2.49	8-14 dis	−2.03
Norway	10.82¼-10.89¼	10.87-10.88	3½-4¼ore dis	−4.21	10½-11¼ dis	−4.00
France	9.93-9.98	9.97-9.98	1⅞-1⅜c pm	1.95	4½-3⅞pm	1.63
Sweden	10.34½-10.38¾	10.37¼-10.38¼	¾-¼ ore pm	0.58	1-¼ pm	0.24
Japan	237½-239½	238½-239½	1⅜-1¼ yen pm	6.59	3⅝-3½ pm	5.96
Austria	13.28¼-13.34¼	13.28¼-13.29¼	10¾-9⅞ gro pm	9.09	31¾-28½pm	8.99
Switzerland	2.47½-2.49	2.48-2.49	1½-1¼ c pm	6.64	4-3¾ pm	6.24

Belgian rate is for convertible francs. Financial franc 62.50-62.60. Six-month forward dollar 2.23-2.18 c pm. 12-month 3.83-3.73 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5680-1.5815	1.5795-1.5805	0.43-0.40c pm	3.15	1.23-1.18c pm	3.05
Ireland†	1.4105-1.4180	1.4160-1.4170	0.29-0.22c pm	2.16	1.00-0.90 pm	2.69
Canada	1.3295-1.3330	1.3310-1.3320	0.27-0.30c dis	−2.57	0.73-0.76 dis	−2.24
Netherlands	2.1280-2.1400	2.1300-2.1310	0.28-0.25c pm	1.49	0.90-0.86pm	1.65
Belgium	39.25-39.50	39.25-39.35	3pm-par pm	0.46	7-2 pm	0.46
Denmark	7.24½-7.28½	7.25-7.25½	1.95-2.65ore dis	−3.79	6.00-6.70 dis	−3.49
W. Germany	1.8885-1.9000	1.8915-1.8925	0.45-0.42pf pm	2.75	1.29-1.24pm	2.67
Portugal	147¼-148	147¼-147¾	75-115c dis	−7.69	270-325 dis	−8.08
Spain	128.10-128.90	128.15-128.25	80-100c dis	−8.39	210-240 dis	−6.99
Italy	1369½-1377	1371¼-1371¾	5.80-6.80lire dis	−5.50	16.00-19.00dis	−5.09
Norway	6.87¼-6.90¼	6.88-6.88½	3.90-4.40ore dis	−7.21	12.00-12.50dis	−7.09
France	6.30-6.34	6.31-6.31½	0.57-0.67c dis	−1.18	2.12-2.42 dis	−1.44
Sweden	6.56½-6.59¼	6.56½-6.57	1.30-1.60ore dis	−2.64	4.50-4.90 dis	−2.85
Japan	151.05-151.60	151.25-151.35	0.42-0.39y pm	3.21	1.36-1.31 pm	3.00
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.55-39.65.

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 8⅝-8¾ per cent; three years 8⅞-9 per cent; four years 9⅛-9¼ per cent; five years 9¼-9⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug. 12	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.633	1.	1.892	151.3	6.313	1.573	2.131	1372.	1.332	39.30
DM	0.334	0.528	1.	79.93	3.336	0.831	1.125	724.7	0.704	20.77
YEN	4.184	6.611	12.51	1000.	41.74	10.40	14.08	9067.	8.805	259.8
F Fr.	1.003	1.584	2.997	239.6	10.	2.491	3.373	2172.	2.110	62.26
S Fr.	0.402	0.636	1.203	96.18	4.014	1.	1.354	872.0	0.847	24.99
H Fl.	0.297	0.470	0.889	71.03	2.964	0.738	1.	644.0	0.625	18.45
Lira	0.461	0.729	1.380	110.3	4.603	1.147	1.553	1000.	0.971	28.66
C $	0.475	0.751	1.422	113.6	4.740	1.181	1.599	1090.	1.	29.51
B Fr.	1.610	2.544	4.815	384.9	16.06	4.002	5.419	3490.	3.389	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Strong pound boosts gilts

LONG TERM gilt futures traded quietly on the London International Financial Futures Exchange. A rise of sterling in the afternoon provided support, but otherwise it was a day lacking fresh incentive from economic news.

Tuesday's UK trade figures were in line with most forecasts, and better than the market feared, after last week's move by the authorities to increase bank base rates. The next important hurdle will be today, when figures on UK earnings, unemployment and industrial production will be published, amid fears of a rise to 8 per cent from 7¾ per cent in the underlying rate of average earnings.

September gilts opened at 116-28, the highest of the day, and touched a low of 116-08, but recovered to close almost unchanged at 116-27, compared with 116-25 previously.

September US Treasury bond futures improved from a depressed start of 89-08, but finished weaker on the day, at 89-13 for September delivery, against 89-18 on Tuesday, after traders in Chicago and New York took a wait and see attitude to the current US Treasury refunding auctions.

The result of Tuesday's sale of three-year notes was much as expected, but last night's offering of 10-year notes was expected to provide a better guide for today's important auction of 30-year bonds, amid doubts about the level of Japanese participation.

Japanese Government bond futures were firmer on Liffe, after a rise in the Tokyo bond market on active buying by a leading local broker. The yield on he benchmark 89th bond fell to 5.135 per cent, after touching 5.115 per cent, and an early peak of 5.2 per cent, but trade in Tokyo was described as thin and directionless, in the absence of retail participation.

Banks were reported to have placed buy orders for the benchmark issue, on speculation that prices in the bond futures market had stopped declining.

September Japanese bonds opened at 103.40, and after touching 103.55 finished at 103.44 on Liffe, against 102.80 on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
112	4.55	5.63	0.01	1.30
114	3.01	4.38	0.11	1.42
116	1.24	3.22	0.34	2.26
118	0.26	2.26	1.36	3.29
120	0.06	1.43	3.16	4.47
122	0.01	1.05	5.11	6.09
124	0.00	0.44	7.10	7.48
126	0.00	0.29	9.10	9.33

Estimated volume total, Calls 1,727 Puts 1,259
Previous day's open int: Calls 38,726 Puts 22,678

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	7.26	6.54	0.00	0.26
84	5.26	5.14	0.00	0.50
86	3.51	3.52	0.05	1.24
88	1.45	2.42	0.19	2.14
90	0.30	1.48	1.04	3.20
92	0.05	1.06	2.43	4.42
94	0.00	0.42	4.38	6.14
96	0.00	0.23	6.38	7.38

Estimated volume total, Calls 40 Puts 22
Previous day's open int: Calls 1,875 Puts 2,308

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Puts—Last Aug.	Puts—Last Sept.
22750	5.25	8.40	1.80	4.95
23000	3.75	7.05	2.80	6.10
23250	2.55	5.86	4.10	7.41
23500	1.65	4.81	5.70	8.86
23750	1.01	3.90	7.56	10.45
24000	0.59	3.13	9.64	12.18
24250	0.32	2.48	11.87	14.03
24500	0.17	1.95	14.22	16.00

Estimated volume total, Calls 44 Puts 44
Previous day's open int: Calls 397 Puts 303

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Calls—Last Oct.	Calls—Last Dec.	Puts—Last Aug.	Puts—Last Sept.	Puts—Last Oct.	Puts—Last Dec
1.45	—	13.00	13.00	13.00	—	0.00	0.07	0.46
1.50	8.00	8.00	8.00	8.00	0.00	0.06	0.44	1.34
1.55	3.00	3.27	3.83	4.55	0.00	0.71	1.69	3.08
1.60	0.03	0.77	1.48	2.32	2.07	3.22	4.34	5.85
1.65	0.00	0.08	0.42	1.03	7.04	7.52	8.28	9.56
1.70	0.00	0.00	0.08	0.39	2.04	12.44	12.94	13.92
1.75	0.00	0.00	—	0.13	7.04	17.44	—	18.66

Estimated volume total, Calls 0. Puts 0
Previous day's open int. Calls 306 Puts 1,593

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Calls—Last Oct.	Calls—Last Dec.	Puts—Last Aug.	Puts—Last Sept.	Puts—Last Oct.	Puts—Last Dec.
1.45	—	12.70	—	12.90	—	1.50	—	2.70
1.50	9.80	9.80	9.80	9.80	0.20	0.25	0.65	1.10
1.55	4.80	3.45	5.20	5.80	0.35	1.00	1.40	2.35
1.60	0.40	0.70	2.40	2.00	2.30	3.45	3.45	4.70
1.65	0.20	0.45	0.90	1.85	7.50	7.85	7.00	9.20
1.70	0.20	0.20	0.35	0.65	12.55	11.00	11.40	12.10
1.75	0.35	0.50	—	1.20	14.80	15.30	—	16.50

Previous day's open int: Calls 1,019 Puts 159
Volume: 10

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Calls—Last Oct.	Calls—Last Dec.	Puts—Last Aug.	Puts—Last Sept.	Puts—Last Oct.	Puts—Last Dec.
1.600	—	0.40	1.00	1.60	2.75	3.55	4.30	5.85
1.625	—	0.05	0.45	1.00	5.10	5.60	6.60	7.60
1.650	—	—	0.20	0.60	7.50	8.10	8.60	9.70
1.675	—	—	0.05	0.35	10.10	10.50	10.90	11.70
1.700	—	—	—	0.20	12.60	12.90	13.30	14.00
1.725	—	—	—	0.15	15.10	15.50	—	16.40
1.750	—	—	—	0.10	17.60	17.90	—	18.80

Previous day's open int: Calls 106,507. Puts 78,840
Previous day's volume: Calls 6,022. Puts 4,538

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Calls—Last Dec.	Calls—Last Mar.	Calls—Last June	Puts—Last Sept.	Puts—Last Dec.	Puts—Last Mar.	Puts—Last June
91.50	1.38	1.00	0.84	0.79	0.00	0.08	0.27	0.51
91.75	1.13	0.80	0.68	0.66	0.00	0.13	0.36	0.63
92.00	0.88	0.62	0.53	0.53	0.00	0.20	0.46	0.75
92.25	0.63	0.43	0.39	0.42	0.00	0.26	0.57	0.89
92.50	0.40	0.30	0.29	0.32	0.02	0.38	0.72	1.04
92.75	0.19	0.19	0.20	0.24	0.06	0.52	0.88	1.21
93.00	0.06	0.11	0.13	0.17	0.18	0.69	1.06	1.39

Previous day's open int: Calls 2,206 Puts 2,903
Estimated volume, Calls 110 Puts 486

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	116.27	116.28	116.08	115.25
Dec.	116.30	116.31	116.20	115.28

Estimated volume 20748 (33,561)
Previous day's open int. 32,658 (32,987)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	103.44	103.55	103.21	103.98
Dec.	103.04	103.10	102.92	103.58

Estimated Volume 1,462 (940)
Previous day's open int. 770 (636)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	89.70	89.77	89.67	89.59
Dec.	89.67	89.70	89.61	89.50
March	89.79	89.84	89.76	89.59
June	89.79	89.78	89.75	89.61
Sept.	89.60	89.60	89.60	89.53
Dec.	89.45	—	—	89.30

Estimated Volume 4,044 (7523)
Previous day's open int. 16,647 (16,562)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	230.95	233.20	229.60	225.25
Dec.	235.60	236.00	236.00	229.75

Estimated volume [illegible]
Previous day's open int. [illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

US TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

[illegible]

LIFFE—STERLING £25,000 $ per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	89-12	89-20	89-06	89-11
Dec.	88-12	88-20	88-07	87-13
Mar.	87-14	87-21	87-11	86-17
June	86-19	86-24	86-19	85-23
Sep.	85-23	—	—	84-31
Dec.	84-31	—	—	84-09
Mar.	84-09	—	—	83-21
June	83-21	—	—	83-02
Sept.	—	—	—	82-17
Dec.	—	—	—	82-01
Mar.	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	94.04	94.08	94.03	94.05
Dec.	93.73	93.75	93.73	93.71
Mar.	93.43	93.44	93.43	93.40
Jun.	93.16	93.16	—	93.14
Sept.	—	—	—	92.91
Dec.	—	—	—	92.72
Mar.	—	—	—	92.53

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6385	0.6393	0.6349	0.6368
Dec.	0.6442	0.6444	0.6399	0.6417
Mar.	0.6495	0.6495	0.6460	0.6480
June.	—	—	—	0.6542

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6633	0.6638	0.6614	0.6609
Dec.	0.6686	0.6686	0.6686	0.6657
Mar.	—	—	—	0.6735
June	—	—	—	0.6799

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5301	0.5307	0.5276	0.5286
Dec.	0.5339	0.5340	0.5315	0.5315
Mar.	0.5378	0.5378	0.5359	0.5365

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.88	92.91	92.87	92.87
Dec.	92.41	92.44	92.41	92.40
Mar.	92.07	92.08	92.06	92.05
June	91.77	91.80	91.77	91.75
Sept.	91.51	91.54	91.51	91.49
Dec.	91.30	91.32	91.29	91.28
Mar.	91.11	91.12	91.10	91.08
June	90.92	90.93	90.91	90.91

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Sept.	335.00	336.10	330.40	331.90
Dec.	337.70	338.90	336.20	334.70
Mar.	340.35	341.50	339.20	340.30
June	343.10	344.30	342.00	343.00

MONEY MARKETS

UK rates ease

THERE WAS a slight easing of interest rates on the London money market yesterday, as sentiment was helped by the cut in June's UK trade deficit, announced Tuesday, and yesterday's improvement by sterling.

Three-month interbank eased to 10⅜-10¼ per cent from 10¼-10⅛ per cent.

Today's figures on UK average earnings will be watched closely, as will tomorrow's July retail prices index, for signs of rising inflationary pressure. Monday's producer price index was reasonably encouraging from this point of view, but several testing figures will be released this month, including money supply and bank lending next Thursday.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a money market shortage of £100m, and provided help of £107m.

The authorities did not operate in the market before lunch. In the afternoon the Bank of England bought £32m bank bills in band 1 at 9¾ per cent. Late assistance of £75m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £440m, with a rise in the note circulation absorbing £100m. These outweighed Exchequer transactions adding £450m to liquidity.

In Frankfurt the West German Bundesbank reduced liquidity on the domestic money market, lending further weight to the suggestion the central bank has tightened its monetary stance. The Bundesbank is expected to continue its policy of restraining money supply growth, which is almost certain to exceed its 3 per cent to 6 per cent target range for 1987, and this means keeping a tight control on interest rates, at least until the dollar reverses its upward trend. A weakening of the dollar is generally expected in the last quarter, but whether this will go far enough for the Bundesbank to ease interest rates remains open to doubt.

In late July the Bundesbank increased the rate on securities repurchase agreements to 3.60 per cent from 3.55 per cent. Yesterday's securities repurchase agreement tender carried an unchanged rate of 3.60 per cent. Bids totalled DM 37.7bn, but the central bank met only 25 per cent, in allocating DM 9.4bn. This effectively drained liquidity, as an earlier agreement of DM 11bn expired.

Call money responded by rising to 3.85 per cent from 3.75 per cent, and from 3.65 per cent on Monday.

Conditions have also been tightened by Bundesbank intervention on the foreign exchanges. By selling dollars and supporting its own currency the Bundesbank has taken D-Marks out of the domestic banking system.

Tax payments by banks on behalf of customers are also beginning to drain liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 12) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅞	offer 7	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	8¼	One month	5.15
Broker loan rate	7⅞	Two month	5.66
Fed. funds	6⅝	Three month	6.12
Fed funds at intervention	6⅝	Six month	6.31
		One year	6.89
		Two year	7.64
		[illegible]	7.95
		[illegible]	8.13
		[illegible]	8.26
		[illegible]	8.53
		[illegible]	8.73
		30 year	8.95

August 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.75-3.90	3.75-3.90	3.85-[illegible]	[illegible]	[illegible]
Paris	7⅛-7⅛	7⅜-7⅜	7⅜-7⅝	7⅝-[illegible]	[illegible]	[illegible]
Zurich	⅞-1⅛	3-3½	—	3⅝-[illegible]	[illegible]	[illegible]
Amsterdam	4⅜-5⅛	5⅛-5⅜	—	5⅛-[illegible]	[illegible]	[illegible]
Tokyo	3.28125	3.59375	—	3.71[illegible]	[illegible]	[illegible]
Milan	11-11½	11⅛-12	—	11½-[illegible]	[illegible]	[illegible]
Brussels	6.60	6⅜-6½	—	6½-[illegible]	[illegible]	[illegible]
Dublin	7⅛-8	8⅞-9⅛	9½-9⅞	9⅝-[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Aug. 12	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9¼-5½	9⅛-9	9⅞-9⅞	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	9⅞-9⅞	[illegible]	[illegible]	[illegible]
Local Auth'rity Deps.	9⅛	9⅞	9¾	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	9⅞	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	9½-6	9	9⅝	[illegible]	[illegible]	[illegible]
Company Deposits	9-7½	9⅞	9⅞	[illegible]	[illegible]	[illegible]
Finance House Deposits	—	—	9⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	9¾	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	9⅞	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	10⅛	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	6.80-6.75	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	—	—	6⅛-5⅞	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	—	—	6⅞-6⅞	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 9⅝ per cent; three-months 9¾ per cent; Bank Bills (sell): one-month 9⅝ per cent; three months 9⅞ per cent; Treasury Bills: Average tender rate of discount 9.7668 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July1 to July 31, 1987, Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9¾ per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3¼ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9¾ per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9¾ per cent; nine-12 months 9¾ per cent; Under £100,000 8 per cent from July 16. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 12 1987					TUESDAY AUGUST 11 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	155.80	+0.9	146.19	147.46	2.43	154.35	145.75	146.39	155.80	99.92	74.83
Austria (16)	95.18	+0.1	89.31	93.40	2.21	95.06	89.77	93.61	101.62	85.53	90.68
Belgium (48)	129.98	+1.6	121.97	126.94	3.76	127.96	120.83	125.28	133.44	96.19	87.32
Canada (132)	140.91	+0.0	132.22	135.86	2.09	140.85	133.01	135.60	140.91	100.00	98.34
Denmark (39)	111.63	+0.3	104.75	110.11	2.51	111.32	105.12	110.23	124.10	98.18	95.31
France (121)	103.67	+0.4	97.28	102.66	2.75	103.31	97.56	102.54	121.82	98.39	93.01
West Germany (92)	101.31	+0.5	95.07	99.66	1.90	100.77	95.15	99.40	101.81	84.00	91.79
Hong Kong (45)	142.69	+0.3	133.89	143.10	2.55	142.29	134.37	142.68	142.69	96.89	75.96
Ireland (14)	137.16	+3.7	128.71	136.44	3.28	132.24	124.88	131.92	145.41	99.50	90.44
Italy (76)	86.93	+2.6	81.57	89.04	2.04	84.74	80.02	86.93	112.11	84.74	96.92
Japan (458)	140.62	+1.5	131.95	134.49	0.50	138.54	130.82	132.84	161.28	100.00	96.60
Malaysia (36)	192.24	−0.7	180.39	188.65	1.99	193.64	182.85	189.82	193.64	98.24	83.06
Mexico (14)	289.94	+0.4	272.06	459.18	0.65	288.90	272.81	457.54	309.34	99.72	67.96
Netherland (38)	128.82	+0.5	120.88	125.26	3.52	128.12	120.98	124.90	128.82	99.65	96.74
New Zealand (26)	115.20	+0.4	108.10	105.83	2.82	114.69	108.30	104.93	115.20	83.93	71.23
Norway (24)	169.35	+0.1	158.91	158.20	1.72	169.25	159.83	158.40	169.35	100.00	96.36
Singapore (27)	173.62	−0.2	162.92	168.66	1.47	174.00	164.31	169.23	174.00	99.29	87.17
South Africa (61)	179.89	+0.1	168.80	135.63	3.05	179.74	169.73	135.52	198.09	100.00	81.53
Spain (43)	141.78	+0.2	133.03	137.69	2.87	141.54	133.66	137.89	144.48	100.00	91.55
Sweden (33)	122.89	+0.7	115.32	119.48	1.93	122.03	115.23	119.09	124.68	90.85	97.18
Switzerland (53)	105.24	−0.4	98.75	102.60	1.61	105.63	99.75	103.24	105.63	92.01	88.90
United Kingdom (335)	147.38	+1.2	138.29	138.29	3.15	145.62	137.51	137.51	162.87	99.65	94.62
USA (590)	135.52	−0.2	127.16	135.52	2.70	135.81	128.25	135.81	135.81	100.00	102.67
Europe (932)	122.35	+1.0	114.80	118.04	2.76	121.19	114.44	117.43	128.35	99.78	93.61
Pacific Basin (686)	141.24	+2.4	132.54	135.19	0.65	139.25	131.49	133.61	158.77	100.00	95.06
Euro—Pacific (1618)	133.75	+1.3	125.50	128.36	1.42	132.09	124.73	127.17	143.65	100.00	94.49
North America (722)	135.80	−0.2	127.43	135.56	2.66	136.08	128.50	135.82	136.08	100.00	102.44
Europe Ex. UK (597)	106.81	+0.7	100.23	105.48	2.41	106.04	100.13	104.99	108.64	98.02	93.03
Pacific Ex. Japan (228)	148.90	+0.6	139.72	143.50	2.43	148.05	139.81	142.80	148.90	99.92	75.76
World Ex. US (1825)	134.60	+1.2	126.30	128.95	1.47	133.02	125.61	127.80	143.38	100.00	94.46
World Ex. UK (2080)	133.70	+0.6	125.46	130.89	1.82	132.93	125.53	130.31	133.70	100.00	97.96
World Ex. So. Af. (2354)	134.62	+0.6	126.32	131.50	1.94	133.76	126.31	130.89	135.02	100.00	97.76
World Ex. Japan (1957)	132.21	+0.2	124.06	130.10	2.69	131.94	124.59	130.02	132.21	100.00	98.16
The World Index (2415)	134.91	+0.6	126.59	131.57	1.95	134.05	126.59	130.97	135.15	100.00	97.66

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$480	87	1.70B	128	18.40	4	28	$463.50
GOLD C	$500	60	0.30	118	13	4	20.50	"
GOLD C	$520	—	—	223	7.50	10	13.50B	"
GOLD P	$420	—	—	—	—	10	7.50	"
GOLD P	$460	5	4	5	12.50B	510	17	"
		Aug 87		Sept 87		Oct 87		
£/FL. C	Fl.325	—	—	10	10.50	—	—	Fl.336.72
£/FL. P	Fl.330	—	—	30	1.50	—	—	"
		Dec 87		Mar 87		Jun 88		
£/FL. C	Fl.330	—	—	15	6.50	—	—	Fl.336.72
		Aug 87		Sep 87		Oct 87		
$/FL C	Fl.200	252	13.50A	6	13.50	—	—	Fl.213.18
$/FL C	Fl.205	—	—	10	8	1	8.50	"
$/FL. C	Fl.210	735	3.30	185	4.30	10	5.50	"
$/FL C	Fl.215	23	0.70	388	1.70	55	2.80	"
$/FL. C	Fl.220	—	—	158	0.60	16	1.40A	"
$/FL C	Fl.225	—	—	1	0.30	—	—	"
$/FL P	Fl.200	—	—	10	0.15	—	—	"
$/FL. P	Fl.205	4	0.10	6	0.40	—	—	"
$/FL. P	Fl.210	—	—	14	1.20B	—	—	"
$/FL P	Fl.215	20	2.30	213	4.20	—	—	"
		Dec 87		Mar 88		Jun 88		
$/FL. C	Fl.200	15	13.50A	185	13.80A	12	14	Fl.213.18
$/FL C	Fl.205	32	9.50	20	10.50A	—	—	"
$/FL C	Fl.210	33	6.70	—	—	—	—	"
$/FL C	Fl.215	137	4.50	33	5.70	61	6.50	"
$/FL. C	Fl.220	216	2.50	13	3.70	16	4.80	"
$/FL. C	Fl.225	45	1.30	—	—	—	—	"
$/FL C	Fl.230	10	0.90	—	—	—	—	"
$/FL P	Fl.200	100	1.40	—	—	—	—	"
$/FL. P	Fl.205	41	2.30	—	—	—	—	"
$/FL. P	Fl.210	83	4.50B	2	6.50	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.520	809	14	63	23.90A	35	33	Fl.511
AEGON C	Fl.100	177	3.70	44	6	—	—	F100.30
AEGON P	Fl.100	106	3.80	5	5.20	—	—	"
AHOLD C	Fl.110	433	6.50	37	9	—	—	Fl.112
AHOLD P	Fl.110	55	4.10B	4	7.30	—	—	"
AKZO C	Fl.170	611	7.70	88	12.80	27	16.40	Fl.170.20
AKZO P	Fl.150	20	0.90	214	2.50	—	—	"
AMEV C	Fl.65	121	4.80	7	6.80	—	—	Fl.68.20
AMEV P	Fl.65	27	1.50	—	—	—	—	"
AMRO C	Fl.80	579	7.30	56	9	53	11	Fl.87.20
AMRO P	Fl.95	120	9.50	—	—	—	—	"
ELSEVIER C	Fl.60	658	8	29	10.70	11	12.80	Fl63.20
ELSEVIER P	Fl.60	591	3.50	36	4	135	5.50	"
GIST-BROC C	Fl.50	185	4.60	7	6	100	7.30A	Fl.52.40
GIST-BROC. P	Fl.50	53	1.90	29	2.80	9	4	"
HEINEKEN C	Fl.190	142	13	47	16.50	—	—	Fl.197.70
HEINEKEN P	Fl.180	39	2.90	9	5.50	—	—	"
HOOGOVENS C	Fl.50	559	3.60	248	5.40B	5	7.40	Fl.48.80
HOOGOVENS P	Fl.45	505	2.60	8	3.70	13	4.80	"
KLM C	Fl.55	868	3.50	165	5.20	5	6.80	Fl.56.70
NEDLLOYD C	Fl.190	352	11.90	8	16	10	22	Fl.180.80
NEDLLOYD P	Fl.160	531	9	78	9.70	10	10.80	"
NAT.NED. C	Fl.85	181	1.90	239	3.60	15	5.10	Fl.80.10
NAT.NED. P	Fl.70	72	0.70	30	1.60	—	—	"
PHILIPS C	Fl.50	719	5.80	84	6.70	100	8	Fl.54.50
PHILLIPS P	Fl.55	97	2.20B	52	3.70	33	4.60B	"
ROYAL DUTCH C	Fl.290	876	11.50	167	19	—	—	Fl.291.30
ROYAL DUTCH P	Fl.270	506	2.60	1	5.40	2	6.70	"
ROBECO C	Fl.115	54	4.50	14	6	6	8.20	Fl.115.50
ROBECO P	Fl.110	—	—	26	1.80	—	—	"
UNILEVER C	Fl.144	2014	13.90	269	18	—	—	Fl.155
UNILEVER P	Fl.150	495	4	91	6.30A	1	8.30A	"

TOTAL VOLUME IN CONTRACTS: 63,334

A=Ask B=Bid C=Call P=Put

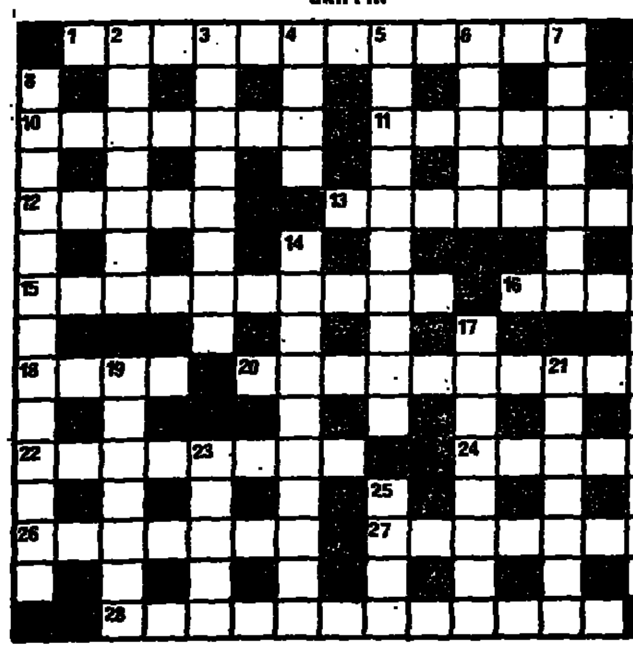
BASE LENDING RATES

	%		%		%
ABN Bank	10	• Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Int'l (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶10.4
Bank Credit & Comm	10	• Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	‡10	Western Trust	10
Bank of Scotland	10	• Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	• Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	10	• Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
• Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
Cl. Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	• Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

• Members of the Accepting Houses Committee. * 7-day deposits 5.31%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,403

GRIFFIN

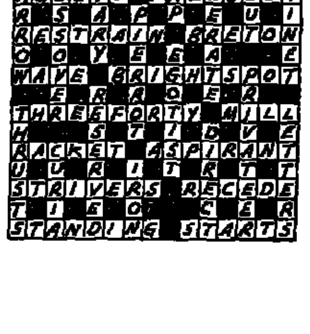


ACROSS

1 Archbishop Leo, important *revolutionary* (12)
10 Elusive girl hides visa when returning — (7)
11 — with new lighter from holiday (7)
12 *Bury* centre-forward missed one season (5)
13 *Ring stand-in about horse (8)*
15 Delightful etching Ann reproduced (10)
16 *Turn key left to enter channel* (4)
18 *Current* sweetheart takes needle producer back (4)
20 Help repair broken-down Minor (10)
22 I do not recollect one turned outside by mid-day (8)
24 Overcharge crazy people returning by midnight (5)
26 *Jack and Mark refrain from voting* (7)
27 Cross if Noel turns round when bending (7)
28 Wrongly portray miser ordering gift! (12)

DOWN

2 *Stretcher one finds* in ruined castle (7)
3 On which Americans are trained? (8)
4 "Put key in pocket" he writes (4)
5 Court proceedings where *love is much spoken of* (4,6)
6 Third mate gets 100 dinar for experiment (5)
7 Stalin treated youth leader unpleasantly (7)
8 A lot of water men are trained badly (13)
9 *Until Neil moves the fellow*, it is foolish (13)
14 Can eat stew without nurse being there (10)
17 Embracing Elizabeth, lightly brushes beard (8)
19 Wreckage floats around Minehead (7)
21 Oriental in rambling ruin on French island (7)
23 Rushes artist back *into* set-up (5)
25 Is returning from safari a long way off (4)



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
American Income	56.7	59.2xd	+0.7	4.43
Gilts & Fixed Int.	111.0	117.4	+0.3	10.22
High Inc Equity	141.7	150.7xd	+2.4	3.45
Worldwide Bond	185.2	197.0xd	-0.6	4.92
Capital Growth				
American Growth	193.8	206.1	+2.4	0.68
Asian Pacific	94.2	100.2	-0.4	1.27
Assets & Engy. Tst.	184.8	196.5	+4.3	0.99
Capital Reserve	73.1	73.3	.....	1.38
Commodity & Energy	197.5	210.1	.....	0.0
European Capital	98.9	105.2	-0.4	0.71
General	188.0	199.9xd	+3.2	2.25
Japan	91.5	97.3	+1.1	0.0
Mastertrust	91.7	97.5	+0.8	1.31
UK Growth Acc Units	266.4	283.4	+6.1	0.86
UK Growth Dist	183.4	195.0	+4.2	1.28
U.S. Emerging Co's	63.6	67.6	+0.2	0.25
Income & Growth	307.7	327.3	+4.4	2.26
Brown Shipley & Co Ltd (a)(g)				
9-17 Perrymount Rd, Haywards Hth 0444 412262/3/4/5				
B.S. Portfolio Fnd	108.8	115.7xd	(z)	0.90
B.S. Accum	184.5	196.2	(z)	0.90
European Fund	25.9	27.5	(z)	0.98
Exempt Fund	358.6	381.5	(z)	1.54
Financial	228.6	243.2	(z)	1.09
Growth	34.1	36.3	(z)	0.42
High Income	100.3	106.7	(z)	4.01
Income	117.6	125.1	(z)	3.17
North American	73.8	78.5xd	(z)	0.53
Orient	116.5	124.0	(z)	0.28
Recovery	87.3	92.8	(z)	0.93
Smaller Cos Fd Accum	443.2	469.0	(z)	0.59
Smaller Cos Fd Inc	281.1	297.5	(z)	0.59
Technology	167.6	178.3	(z)	0.25
Brycourt Unit Trust Mgmt Ltd(a)(c)(d)				
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382				
Income Growth	203.1	210.9	.....	3.25
Burrage Unit Trust Mngmt Ltd				
117 Fenchurch St, London EC3M 5AL 01-480 7216				
Short Dtd Gilt & FI	49.8	50.0	.....	1.52
CCL Unit Trusts Limited				
74, Shepherds Bush Green, Ldn, W12 8SD 01-740 7070				
UK General Trust	55.9	59.5	+0.9	2.2
Global Trust	56.7	60.3	+0.4	1.00
CS Fund Managers Limited				
125 High Holborn, London WC1V 6PY 01-242 1148				
CS America Fd	66.4	70.6	+0.4	0.71
CS International Fund	63.9	68.0	+0.4	1.69
CS Japan Fund	108.7	115.6	+0.2	0.43
CS Portfolio Inv. Fd.	92.8	98.7	+1.0	2.05

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FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	453.9	477.8		—
Property	282.1	296.9		—
Equity	579.7	610.2		—
Gilt Edged	356.9	375.7		—
Deposit	205.1	215.9		—
Investment	246.6	258.9		—
International	439.1	462.2		—

Pension Fund Prices

Managed Int.	317.7	—	—
Do. Accum.	380.9	—	—
Property Int.	244.1	—	—
Do. Accum.	291.5	—	—
Equity Int.	429.9	—	—
Do. Accum.	526.8	—	—
Gilt-Edged Int.	224.5	—	—
Do. Accum.	275.5	—	—
Guaranteed Int.	158.3	—	—
Do. Accum.	194.4	—	—
International Int.	545.1	—	—
Do. Accum.	668.4	—	—
Index Lk. Gilt Int.	135.7	—	—
Do. Accum.	166.4	—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	312.6	+0.1	—
Property Pens.	415.5	+0.2	—
Equity	197.1	+1.9	—
Equity Pens.	890.5	+13.9	—
Money Market	299.1	+2.1	—
Money Mkt. Pens.	537.4	+3.7	—
Deposit	237.7	+0.1	—
Deposit Pens.	379.0	+0.1	—
Managed	299.0	+2.4	—
Managed Pens.	566.6	+7.0	—
Intl. Equity	362.6	+3.0	—
Do. Pens.	591.2	+6.6	—
Intl. Managed	328.6	+3.1	—
Do. Pens.	489.9	+6.5	—
North American	142.6	+2.6	—
Do. Pens.	167.2	+3.5	—
Far East	313.8	+1.9	—

National Provident Inst.—Contd.

Far East Initial	507.6	534.4	+3.0	—
Far East	607.8	639.8	+3.5	—
Prop. Initial	142.2	149.7	+1.2	—
Prop.	170.4	179.4	+1.5	—
Fixed Int. Initial	182.4	192.1	+0.7	—
Fixed Int.	218.7	230.3	+0.8	—
Indexed Gilt Initial	101.5	106.9	-0.6	—
Indexed Gilt	120.5	126.9	-0.7	—
Deposit Initial	134.9	142.1	+0.1	—
Deposit	163.4	172.0	—	—

NPI Pensions Management Ltd

Managed Fund	987.6	1005.2	—	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	58.3	61.4	+0.6	—
Stock Market Mngd Fund	60.5	63.7	+0.7	—
Equity Fund	64.6	68.0	+0.9	—
International Fund	58.0	61.1	+0.4	—
European Fund	59.0	62.2	-0.1	—
North American Fund	53.8	56.7	+0.4	—
Pacific Fund	66.0	69.5	+0.3	—
Property Fund	52.0	54.8	—	—
Fixed Interest Funds	48.4	51.0	+0.2	—
Index Linked Sec Fund	45.2	47.6	-0.1	—
Deposit Fund	50.9	53.6	—	—

NUAM Retirement Plans

Mixed Fund	62.2	65.5	+0.6	—
UK Ordinary Share	73.4	77.3	+1.1	—
International Fund	60.4	63.6	+0.4	—
Property Fund	51.9	54.7	—	—
Fixed Interest Fund	50.1	52.8	+0.4	—
Index Linked Sec Fund	45.5	47.9	—	—
Deposit Fund	53.0	55.8	—	—

NUAM (NF)

Managed Fund	800.1	842.3	+8.4	—
Equity Fund	1722.5	1813.2	+29.3	—
Property Fund	323.4	340.5	—	—
Fixed Interest Fund	357.0	375.8	+2.0	—
Deposit Fund	207.7	218.7	—	—
International Fund	150.5	158.5	-0.1	—
Index Linked Sec Fund	45.2	47.6	+1.1	—

Provident Mutual Life Assc.—Cont.

Pension Funds

Managed Ord.	336.6	354.3	+3.9	—
Managed Int.	287.3	302.4	+3.2	—
Equity Ord	521.6	549.1	+9.6	—
Equity Int.	445.3	468.7	+8.1	—
Pen Ind Lkd Gilt Ord	118.6	124.8	-0.6	—
Pen Ind Lkd Gilt Int	105.7	111.3	-0.5	—
Overseas Equity Ord.	351.0	369.5	+3.0	—
Overseas Equity Int.	299.7	315.5	+2.6	—
Property Ord.	158.1	166.4	—	—
Property Int.	135.0	142.1	—	—
Fixed Interest Ord.	167.4	176.2	+0.9	—
Fixed Interest Int.	142.9	150.4	+0.8	—
Deposit Ord.	154.7	162.8	+0.1	—
Deposit Int.	132.1	139.1	+0.2	—

Provincial Life Assurance Co Ltd(z)
Stramongate, Kendal, Cumbria LA9 4BE 0539 33733

Managed Fd	594.9	626.9	+2.9	—
Cash Fd.	208.3	219.5	—	—
Property Fund	225.0	237.1	—	—
Equity Fund	709.1	747.0	+4.0	—
Fxd. Int. Fund	274.5	289.8	+0.9	—
International	341.2	359.6	+1.9	—
High Income	487.4	531.6	+9.6	—
Far East	457.9	482.6	+2.1	—
North American	294.7	310.6	+1.6	—
Special Sits.	663.6	699.9	+11.8	—
Technology	308.3	324.9	+2.7	—
Extra Inc Fd.	278.9	293.9	+4.4	—
Convertible & Gilt Fd	163.6	172.3	+2.2	—
American Income	124.6	132.4	+0.6	—
Gilt Fund 20	271.9	287.7	—	—
European Fund	103.9	110.6	—	—
Managed Pens. Acc.	550.6	579.3	+3.2	—
Deposit Pens. Acc.	204.1	214.9	—	—
Property Pens. Acc.	214.0	225.3	—	—
Fix. Int. Pens. Acc.	329.9	347.3	+2.1	—
Equity Pens Acc.	763.4	803.6	+5.1	—
International Pens Acc.	340.5	358.8	+1.8	—
High Inc Pens Acc.	479.0	504.2	—	—
Tech Pens Acc.	195.6	207.8	+1.6	—
N American Pens Acc.	196.9	207.0	+1.1	—
Far Eastern Pens Acc.	438.5	461.6	—	—
Special Sits Pens Acc.	524.3	559.9	—	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	100	Treas. 12pc 1987	100	.....	11.96	9.91
99	97	Treas 7¾pc 1985-88‡‡	99	+	7.82	9.57
102¼	99	Exch 10½pc '88	100	+	10.48	10.14
101	98	Treas 9¾pc Cv '88	99	+	9.79	10.16
97	93	Transport 3pc '78-88	96	+	3.12	7.35
101	98	Treas. 9½pc '88	99	+	9.58	10.23
105	101	Treas 11½pc 1989	101	+	11.31	10.24
102	97	Treas 9½pc Cnv 1989	98	+	9.61	10.23
94	89	Treas 3pc 1989	93	–	3.22	7.24
104	99	Treas 10½pc 1989	100	+	10.45	10.18
103	98½	Exch 10pc 1989	99	+	10.04	10.21
105	100	Exch 11pc 1989	101	+	10.86	10.28
95	89	Treas 5pc 1986-89	93	+	5.37	8.50
108	100	Exch 10¼pcCv '89	101	+	10.15	9.68
111	105	Treas 13pc 1990‡‡	106	+	12.25	10.03
106	100	Exch 11pc 1990‡‡	101	+	10.79	10.07
110	104	Exch. 12½pc 1990	105	+	11.88	10.16
91	84½	Treas. 3pc 1990	89	+	3.36	7.39
100	93	Treas 8¼pc 1987-90‡‡	96	.....	8.51	9.46
105	97	Treas. 10pcCv 1990	99	+	10.05	10.16
89	81	Exch 2½pc 1990	86	+	2.89	7.16
110	103	Treas 11¾pc 1991	104	–	11.25	10.15
95	87	Funding 5¾pc '87-91‡‡	90	–	6.35	8.85
89	80	Treas. 3pc 1991	85	–	3.50	7.46
110	100	Treas 10pc Cv '91 ‡‡	101	+	9.89	9.63
109	101	Exch. 11pc 1991	102	+	10.69	10.11
18	15	Treas. 8pc 1991 (20pd)©	15	+	8.23	8.78
116	108	Treas 12¾pc 1992‡‡	109	+	11.66	10.06
106	97	Treas 10pc 1992	99	+	10.02	10.03
99	92	Treas. 8pc 1992 ‡‡	92	+	8.15	8.47
108	99	Treas 10½pc Cv 1992‡‡	101	+	10.33	10.02
85	82	Treas. 3pc 1992	82	–	3.50	6.46
		Five to Fifteen Years				
115	106	Exch. 12¼pc '92	108 xd	+	11.31	10.09
121	111	Exch 13½pc 1992	112	+	11.96	10.17
107	97	Treas 10pc 1993‡‡	99	+	10.03	10.05
118	108	Treas 12½pc 1993‡‡	110	+	11.36	10.18
95	82	Funding 6pc 1993‡‡	87 xd	–	6.83	8.59
125	114	Treas 13¾pc 1993‡‡	115	+	11.86	10.22
129	119	Treas 14½pc 1994‡‡	120 xd	+	12.03	10.13
124	113	Exch 13½pc 1994	115	+	11.73	10.31
107	97	Treas. 10pc Ln. 1994‡‡	99	+	10.03	10.05
120	109	Exch. 12½pc 1994	110 xd	+	11.27	10.26
103	92	Treas 9pc 1994‡‡	95	+	9.45	9.91
118	107	Treas 12pc 1995	108	–	11.09	10.27
84	76	Exch 3pc Gas 90-95	83	.....	3.62	5.77
109	98	Exch. 10¼pc 1995	100	+	10.20	10.14
123	112	Treas 12¾pc 1995‡‡	113	.....	11.22	10.23
130	118	Treas. 14pc '96	120	–	11.68	10.38
102	92	Treas. 9pc 1992-96‡‡	94 xd	+	9.52	9.97
139	126	Treas 15¼pc 1996‡‡	127	–	11.92	10.29
127	116	Exch 13¼pc 1996‡‡	117	+	11.30	10.20
89	81	Redemption 3pc 1986-96	85	+	3.59	5.30
108	96	Conversion 10pc 1996	99	+	10.10	10.14
138	116½	Treas 13¼pc 1997‡‡	117	+	11.25	10.24
111	100	Exch 10½pc 1997	102 xd	+	10.28	10.13
101	90	Treas 8¾pc 1997‡‡	92 xd	+	9.46	9.94
140	126	Exch 15pc 1997	128	+	11.70	10.43
106	95	Exch. 9¾pc 1998	97	+	9.98	10.10
88	78	Treas 6¾pc 1995-98‡‡	80	+	8.31	9.58
145	131	Treas. 15½pc '98‡‡	133	+	11.65	10.39
122	109	Exch. 12pc 1998	111	+	10.74	10.21
106	95	Treas 9½pc 1999‡‡	97	+	9.78	9.91
124	111	Exch. 12¼pc 1999	113	+	10.78	10.20
113	101	Treas. 10½pc 1999	102	+	10.21	10.07
111	99	Conversion 10¼pc 1999	101	+	10.12	10.05
100	89	Tr 8½pc Ln.2000‡‡	90	.....	8.84	9.01
103	91	Conversion 9pc 2000‡‡	94 xd	+	9.58	9.85
131	117	Treas. 13pc 2000	119	+	10.86	10.21
110	98	Treas 10pc 2001	100 xd	+	9.97	9.96
134	121	Treas. 14pc '98-01	123	.....	11.39	10.38
108	96	Conversion 9¾pc 2001	98	+	9.88	9.92
122	110	Exch. 12pc '99-02	111	.....	10.74	10.22
110	98	Conversion 10pc 2002	100	+	9.95	9.90
		Over Fifteen Years				
109	96	Treas 9¾pc 2002	99 xd	+	9.84	9.86
103	92	Exch. 9pc 2002	95	+	9.43	9.81
136	123	Treas. 13¾pc 2000-03	124	+	11.01	10.23
111	98	Treas 10pc 2003	101 xd	+	9.88	9.84
127	108	Treas. 11½pc 2001-04	110	+	10.40	10.04
111	98	Treas. 10pc 2004	101	+	9.86	9.81
59	51	Funding 3½pc '99-04	54	+	6.42	8.67
107	95	Conversion 9½pc 2004	97	+	9.73	9.78
107	95	Conversion 9½pc 2005	97	+	9.72	9.76
116	103	Exch.10½pc 2005	106	+	9.91	9.78
132	118	Treas. 12½pc 2003-05	120	+	10.35	9.89
94	83	Treas. 8pc 2002-06‡‡	86	+	9.31	9.61
95	84	Treas. 8pc 2002-06 'A' ‡‡	86	+	9.31	9.62
110	97	Conversion 9¾pc 2006	100	+	9.75	9.75
126	111	Treas. 11¾pc 2003-07	114	+	10.25	9.86
99	87	Treas 8½pc 2007 ‡‡	90	+	9.39	9.57
142	126	Treas. 13½pc '04-08	129	+	10.46	9.89
104	93	Treas. 9pc 2008 ‡‡	94	+	9.50	9.57
94	82	Treas 8pc 2009	86	+	9.33	9.55
101	93	Conv 9pc Ln 2011	94	+		
69	61	Treas. 5½pc 2008-12‡‡	63 xd	+	8.73	9.34
91	81	Treas. 7¾pc 2012-15‡‡	83	+	9.34	9.50
134	118	Exch. 12pc '13-'17	122	+	9.81	9.84
		Undated				
45	40	Consols 4pc	41	+	9.62	—
40	35	War Loan 3½pc‡‡	36	+	9.52	—
51	47	Conv. 3½pc '61 Aft.	48	+	7.31	—
34	30	Treas. 3pc '66 Aft.	31	.....	9.69	—
28	25	Consols 2½pc	25	+	9.73	—
28	25	Treas. 2½pc	25	+	9.62	—

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or –	Yield (1)	(2)
		Index-Linked	(b)				
131	125½	Treas. 2pc '88	(297.1)	131	+	—	2.50
117¼	108	Do. 2pc '90	(333.9)	115	–	0.73	2.58
99	93½	Do. 2pc '92‡‡	(385.8)	97	–	2.30	2.98
128	119	Do. 2pc '96	(267.9)	124 xd	–	3.47	3.95
111¼	101	Do 2½pc '01	(308.8)	103	–	3.64	4.25
110	100¼	Do. 2½pc '03	(310.7)	101	–	3.59	4.20
113	103	Do. 2pc '06	(274.1)	103	–	3.64	4.10
108	98	Do. 2½pc '09	(310.7)	98	–	3.60	4.02
113	103	Do. 2½pc '11	(294.1)	103 xd	–	3.71	3.95
95	85	Do. 2½pc '13	(351.9)	85 xd	–	3.64	3.91
103	93	Do. 2½pc '16	(322.0)	93	–	3.43	3.83
101	91	Do. 2½pc '20	(327.3)	91	–	3.45	3.74
86	77¼	Do. 2½pc '24 ‡‡	(385.3)	77	–	3.40	3.66

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1986: 391.70 and for June 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113¾	99½	African Dv Bk 11¼Ln 2010	101 xd	+	10.99	10.93
109¼	95	Asian Dev Bk 10¼pcLn2009	97¼	–	10.54	10.51
136	118¼	Australia 13½pc 2010	122¼	–	11.04	10.78
118¼	102¼	Do. 11¾pcLn2015	105	+	10.81	10.74
115¼	102¼	Euro Inv Bk 11pc Ln 2002	104½	+	10.56	10.41
110¼	97½	Do. 10¼pc2004	99¼	.....	10.45	10.45
126¼	112¼	Int-Am Dev Bk 12½pc 2003	114¼ xd	+	10.95	10.57
104¼	90¼	Do. 9¾pcLn 2015	92¼	–	10.57	10.55
97¼	83	Mlysia 10¾pcLn 2009	90 xd	+	11.94	12.02
102½	99	Malaysia 12¼pc '88	99 xd	.....	12.35	12.74
115	100¾	NZ 11¼pc 2008	103¼	–	10.90	10.80
138¼	102¼	Do 11½pc 2014	105¼	–	10.95	10.82
176¼	119¼	Sweden 13½pc Ln 2010	122¼	–	11.04	10.76
106	96½	Utd. Mexican States 16½pc	100 xd	+	16.50	16.50

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	30⅛xd	+1⅛	$1.00	—	2.0
11¾	8⅞	Saul (B. F.) $1	11⅛xd	..	20c	—	1.1
26¼	19⅞	Southwestern Bell $1	26¼	+⅜	h$2.32	—	5.4
19	14⅛	Staley Continental	18½	−⅛	80c	—	2.7
44⅞	36⅛	Sun Co. Inc. $1	41⅞xd	+⅛	$3.00	—	4.4
39⅞	28½	TRW Inc. $0.625	39¼xd	+⅛	h$1.60	—	—
34⅞	25⅞	Tenneco $5	34⅛xd	−⅛	$3.04	—	5.4
197½	149½	Do. 10pcLn.Stk. 91-5	197½xd	..	10%	—	5.1
29⅞	17⅞	Texaco $6.25	28¾xd	−⅛	$3.00	—	6.4
74⅞	47⅛	Time Inc. $1	74⅛	+2⅛	$1.00	—	0.8
14½	11	Tracor $0.33	13⅛	+⅛	40c	—	1.8
27⅞	18⅞	Transamerica $1	27¼	......	$1.76	—	3.9
13¼	922p	Transworld Corp $5	13¼	+⅛	20c	—	0.9
48½	29⅞	TRINOVA Corp.	48½xd	+½	h$1.00	—	1.3
24⅛	15⅛	♥USX $1	24⅛	−⅛	$1.20	—	3.0
19⅛	15⅛	Union Carbide $1	18⅛xd	−⅛	$1.50	—	5.0
36⅞	26⅞	Utd. Technologies	36⅞	−⅛	$1.40	—	2.3
38⅛	27	US Westll	35	+½	$3.28	—	5.7
30½	17⅛	Waste Management $1	30½	+⅛	—	—	—
£31⅛	£20½	Whirpool $1 0	£24½	+⅝	—	—	—
37⅛	26	♥Woolworth $3½	37⅛	+⅞	$1.32	—	2.2

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	395p	ABM Gold Corp ‖	395p	−13	—	—	—
21½p	10p	♥Abbot Energy Corp.	21½p	...	—	—	—
15⅛	50bp	♥Amer. Barrick Res.	15⅛xd	+⅛	—	—	—
122p	52p	♥Armeno	91p	...	—	—	—
19⅛	14⅛	Bk. Montreal ‖	16⅛	...	$2.00	—	5.6
101½	745p	Bk. Nova Scot.‖	892p	+4	72c	—	3.7
20⅛	18	BCE ‖	20	−⅛	$2.40	—	5.5
963	712p	♥Bow Valley‖	963	+95½	40c	—	—
20	12⅛	♥Brascan‖	19	−⅛	88c	—	2.1
609p	277p	♥Breakwater Res.	461p	−7	—	—	—
11⅛	894p	Can.Imp.Bk. $2	11xd	...	$1.08	—	4.5
14	865p	Can. Pacific ‖	13⅝xd	−⅛	48c	—	1.6
42½	37½	Do. 4pc Deb £100	41½	......	4%	—	9.6
17½	756p	♥Echo Bay Mines	17½	..	20c	—	0.5
181p	66p	Euro-Asia Capital Ltd.	172p	−1	—	—	—
733p	283p	♥Galactic Resources	781p	−4	—	—	—
69p	32p	Global Data Systems	53p	...	—	—	—
873p	399p	Granges Explnl	736p	−14	—	—	—
19p	10p	♥Gt Pacific Res.	18p	..	—	—	—
14½	781p	♥Gulf Canada‖	14⅛	−⅛	52c	—	1.7
14⅛	10	♥Hawker Sid Can‖	13⅛	−⅛	96c	—	3.2
740p	460p	Heelys Group	634p	+106	—	—	—
14⅛	10⅛	Hudson's Bay ‖	11⅞	−⅛	60c	—	2.3
38⅛	24⅞	♥Imperial Oil‖	36⅞	−⅛	s$1.60	—	2.0
13⅞	783p	Inco‖	13½xd	...	US$0.20	—	0.9
25⅛	14⅛	♥Intl. Corona Res.	21⅛	−⅛	—	—	—
780p	575p	♥Inland Nat. Gas $1	772p	−8	60c	—	3.6
10½	385p	♥Lacana Mining Corp ‖	10½	+⅛	Q15c	—	0.7
363p	158p	♥Muscocho Expln.	299p	−7	—	—	—
10	748p	♥Ntnl Business Syst ‖	951p	+27	—	—	—
623p	338p	♥Nevada Goldfields	503p	−1	—	—	—
12	927p	♥Rio Algom	11	......	$1.30	—	5.4
19⅛	14⅛	Royal Bk. Can. ‖	17⅛	−½	$2.00	—	5.3
385p	135p	♥Royex Gold Mining ‖	305p	−13	—	—	—
51⅛	40⅛	Seagram‖	51⅛	+⅛	US$1.00	—	1.2
731p	235p	♥Sonora Gold Corp‖	526p	+16	—	—	—
15	11½	Toronto-Dom. Bk.‖	15	....	84c	—	2.6
228p	19p	♥Trans Atlantic Res ‖	91p	....	—	—	—
10⅛	789p	♥Trans Can Pipe	886p	−14	$1.12	—	5.8
185p	124p	Varity Corp‖	185p	.....	8	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
204	146	ANZ $A1	204	+9	hQ20.7c	2.4	4.6	9.1
·273	230	Allied Irish	243	+5	Q61.6%	2.8	5.8	8.4
£164	£135¼	Algemene Fl.100	£150	....	Q27%	2.1	5.5	8.5
·78	53	Anglo Irish	78	...	Q19.6%	1.4	5.6	19.9
108	84	Ansbacher (H.) 1p	98	...	2.0	—	2.8	—
£40½	£24¼	Banco de Bilbao S.A.	£38¼		Q38%	3.0	2.4	21.8
£34⅛	£23½	Banco de Santander	£33⅛	−⅛	Q23.2%	♦	1.3	♦
·245	176	Bank Ireland IrE1	226	+5	Q15.93%	2.9	6.5	7.8
£15	£11½	Bank Leumi	£15	...	—	—	—	—
[illegible]	[illegible]	Bk. Leumi (UK) £1	350xd	...	12.4	—	4.9	—

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

46	9	Ardmore Pet. 'A'	23	+1	—	—	—	—
98	45	Catalyst Comms. 5p	78	+2	—	—	—	32.4
200	158	Chelsea Artisans 5p	158	.....	—	—	—	21.2
180	150	Comac Group 5p	150	.....	—	—	—	—
151	47	Corton Beach 10p	131	+1	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	153	+1	—	—	—	—
285	102	Edenspring Investment	223	+8		—	—	—
62	18	Eglinton Oil Ir.5p	31	+1	—	—	—	—
41	17	Do. Warrants	19	.....	—	—	—	—
186	101	Far East Res. 10p	156	−2	—	—	—	—
82	17	Publishing Hldgs.5p	71	+9	—	—	—	41.1
7650	45½	Theme Holdings	73	+11	1.0	1.9	—	39.1
153	140	UPL Group 10p	147	+7	L2.41	2.8	2.2	—
140	111	Wari Group	140#	.....	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	91	.....	Fin 13% 97/02	£103¾	.....
Craig & Rose £1	450xd	.....	Arnotts	375	.....
Finlay Pkg. 5p	118	+3	CPI Hldgs	85	.....
Holt (Jos) 25p	1003	.....	Carroll Inds.	161	+3
IoM Stm. £1	138	.....	Dublin Gas.	25	+7
			Hall (R. & H.)	130	+10
IRISH			Heiton Hldgs.	49	.....
Fund 11¾% 1988	£100¼	.....	Irish Ropes	195	.....
Nat. 9¾% 84/89	£97⅛	.....	Unidare	430	+10

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd.	65
BOC Grp.	45	Plessey	22
BSR	17		28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	56
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	38	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds.	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21

* New time dealings may take place from 9.00 am two business days earlier.

Quiet day for Government bonds and early equity gains trimmed as investors await figures

The UK securities markets held on yesterday to the revival in confidence promped by the UK trade figures for June, but investors were clearly cautious while awaiting the announcements today of the latest *statistics on domestic* wage levels, and tomorrow on retail prices. Both sets of numbers, together with next week's all-important money supply *figures, will be scanned for signs* of inflation.

After a slow start, equities moved up sharply at mid-session, led by selective demand for insurance, banking and industrial shares. But gains were cut back towards the *close when* Wall Street seemed hesitant about extending its recent powerful advance. Government bonds moved narrowly in very thin trading, to *an end with small gains.*

The FT-SE 100 closed a net 10.7 higher at 2286.1, after climbing just above 2300 at midday. The FT Ordinary Index at 1775.2 added 2.6.

The equity sector looked more confident than earlier in the week, although buying support was selective. Oil shares, with trading *results* from both **British Petroleum** and **Shell** expected today, played little *part in the* market advance—**Ultramar** responded cautiously to its profits statement.

Imperial Chemical Industries was *another blue chip to shade lower against the market trend,* after outperforming during the setback in the industrial equity sector.

But these dull spots were more than outnumbered by gains elsewhere in the international equity lists, where several of the stocks recently favoured in New York and Tokyo were wanted.

Glaxo and **Reuters** continued to *attract the US buyers, but there* were some newcomers to transatlantic favour. Shares in **Blue Arrow**, the UK employment group currently bidding for Manpower *in the US, were firmer. Institu*tions are buyers of Blue Arrow on the argument that if the Manpower offer fails, Blue Arrow shares will rise, while if the bid succeeds, funds will be under-represented in the sector.

Government bonds, still puzzled over the reasons for the Chancellor's decision to raise UK interest rates, traded very cautiously. Early gains of ¼ melted away *before lunch, as the sector again* kept its eyes on the LIFFE futures contract. LIFFE factors helped Treasuries close a touch firmer on the day but retail investors are *clearly minded to stay on the side*lines until the clutch of UK economic statistics is out of the way.

Wellcome jumped 16 to 472p in the wake of a report that the Japanese central drug committee has given the go-ahead to Nippon Wellcome to import the anti/Aids drug AZT into Japan.

An *official application is* expected in October and distribu*tion is expected to start in* December. Some 2.5m Wellcome shares changed hands yesterday.

Harris Queensway, the carpet, furniture and electrical retailer headed by Sir Phillip Harris, provided the session's major shock, *falling 31 to 165p as market* reacted sharply to a dismal profits forecast from the group.

The Queensway furniture division is now expected to incur a *loss for the current year—at the* time of the last annual results in May Sir Phil believed that the decline in the durable goods market had "bottomed-out"—and accordingly the group's own forecast for the year has been trim*med to a pre-property profit level* of between £32 and £38m; last year, Harris achieved record profits of just over £50m although that figure included an "exceptionally *high" profit of £6.7m* emanating from property transactions.

NatWest spearheaded another firm showing by the clearing banks but the sector closed well *below the day's best levels.* American buying interest and persistent domestic support drove NatWest up to 741p before a closing level of 733p—up 13 on balance, while **Midland** *settled* 7 up at 457p, ex-rights, after 460p. Merchant *banks continued* to make strong progress on speculation that the terms of Union Bank of Switzerland's bid for Hill Samuel are imminent. The latter rose 6 more *to 721p—a two-day rise of 16—* while **Kleinwort Benson** put on 20 to 570p and **Morgan Grenfell** 16 to 541p. Discount houses staged a rapid and strong recovery in *response to the rally by gilt-edged* in recent days. **Cater Allen** spurted 32 to 410p, **Gerrard and National** 24 to 365p and **Union Discount** 35 to 925p.

Insurances continued to move ahead across the board, although *two issues,* **General Accident** and **Royals**, were upset by sell recommendations by securities house BZW. **General Accident**, labelled a "short-term sell" by BZW, drop*ped ⅛ to £10⅞, despite the* excellent figures announced on Tuesday and favourable comment in the financial Press, while **Royals** lost 17 more to 519p as BZW *advised a switch into life group* **Prudential**; the latter surged ⅜ to £10¼. **Commercial Union** jumped to 371p immediately the interim profits—at the top end of market estimates—were announced but later retreated on profit-taking to *close only 2 up at 361p.*

Abbey Life advanced 11 to 296p and **Equity & Law**, boosted by rumours that Larry Adler's FAI may have sold its stake in Equity & Law, *jumped 13 to 329p.* Takeover rumours again helped brokers move up; **Sedgwick** added 4 more to 317p and **C. E. Heath** rose 17 to 520p.

Building and construction issues maintained a firmer trend. **Countryside**, with the help of Press mention, featured a rise of 15 at 285p. **Abbey**, awaiting today's *preliminary figures, advanced 12* to 440p, while **Marley**, scheduled to reveal half-year results towards the end of the month, met with buying interest and closed 4 to the good at *172p. Speculative activity* left **British Dredging** up 21 more at 239p.

Early interest in high street retailers centred on **Sears** which advanced to 172p at one stage as speculators gambled afresh on an *eventual offer* from Mr Robert Holmes a Court; occasional profit-taking was evident at the higher levels, however, and the close was 7½ up on balance at 171p as around 7.8m *shares were traded.* Profit-taking also affected **Storehouse**, finally 10 off at 342p as investors liquidated positions amid fresh thoughts that the Takeover Panel rule regarding public announcements on bid *approaches may rule out takeover* developments, at least for the foreseeable future. Bid talk lifted **Etam** 14 to 307p, after 312p, but an adverse article in the Financial *Times left* **Stormgard** *3 cheaper at* 20p.

The electricals sector posted widespread good gains before slipping back towards the close. **Cable and Wireless**, whose 20 per cent-owned IDCP is applying for a *licence to offer telecommunica*tions services in Japan, added 7 more to 436p. **BICC**, interims due on September 9, were 3 up at 387p. Acquisition news lifted **Melynx** 23 *to 160p, while hopes of a counter* to the £70m offer from Delta Group boosted **George H. Scholes** 15 to 578p. A newsletter recommendation triggered good demand for **Cray Electronics**, 11 higher at 535p.

Apart from **Vickers**, which *firmed 8 more to 216p,* the Engineering leaders drifted lower. **F. H. Lloyd** rose 8 to 94p at Triplex declared its offer for the company unconditional. **J. Saville Gordon** *firmed 2 to 131p following* the good annual resulas and prop*osed one-for-one scrip issue,* while **Newage Transmissions**, still responding to Press mention, adv*anced 10 more to 170p.* **Thomas Robinson**, scheduled to reveal *interim results next Tuesday,* moved up 20 to 603p.

The gloomy statement from Harris Queensway clearly unsettled sentiment in fellow furniture group **ASDA-MFI**; up to 204p by midday reflecting hopes of an *imminent statement regarding the proposed series of asset disposals,* the shares subsequently encountered widespread profit-taking and closed at 193p—unchanged on *the session.*

Food Manufacturers highlighted **Cadbury Schweppes**; around 14m shares changed hands as early offerings from the US—**Scrimgeour Vickers** were believed to have placed some 1.5m shares at around the 245p level—was easily absorbed by the market and the close was 6 higher on balance at 255p.

British Aerospace reacted 13½ *to 489p in the wake of further* downgraded profits forecasts for 1987 from two securities houses. Sentiment was also affected by uncertainty pending the outcome of British Airways' negotiations regarding orders for new airliners.

Leading miscellaneous industrials failed to hold best levels. **Hanson Trust** enjoyed another active trading session (some 20m shares changed hands) before set*tling a shade better* at 188½p. **Unilever**, scheduled to report interim figures next Monday, improved 9 to 698p. Elsewhere, **Pearson** rose afresh to 777p, up 7, in a much *smaller* volume of trade. **Low and Bonar**, still reflecting Williams Holdings bid hopes, gained 13 more to 300m, while US favourite **Reuters** rose 7 further to 902p. US acquisition news continued to boost **Hestair**, up 5 *further at 355p.* **Turner and Newall**, due to announce half-year figures on September 9, found support and put on 8 to 279p. **Wm. Baird** firmed 8 to 478p following *news of the proposed* acquisition of Bridal Fashions.

Speculation of further takeover or expansion moves within the sector touched off good demand for several *Motor* distributors. **T. Cowie** led the advance with a rise of 35 to 835p, but **BCA**, 280p, **C.D. Bramall**, 430p and **Hartwells**, 114p all had their supporters. One or two Component issues were also favoured, **Dowty** gaining 5½ to *252½p and* **Armstrong Equipment** 9 to 211p.

Hopes that Mr Robert Maxwell would agree an alliance with Dutch publishing house Elsevier—he meets the chairman today—encouraged persistent buying of **BPCC**, finally up 6 at 344p, after 350p. Newspapers and Printings were awash with good features, including **United Newspapers**, which gained 17 to 509p, and **Bunzl**, 8 higher at 250p. This week's recommendations for *Saatchi and Saatchi* directed attention to other agencies and **Yellowhammer** rose 15 *to 270p,* while **Abbots Mead Vickers** gained 22 to 337p.

Leading Properties disappointed, being unable to hold *early rises, but secondary stocks* provided a few features. **Estates Property Investment**, 15 dearer at 290p, responded to comment by the chief of London Securities *that his group* was in good shape for deals and bidding for EPIC was one of the options. **Allied London** attracted support and rose 12 to 115p, while **BDA** improved 22 to 183p and **Clayform** 17 to 315p. **Hanover Druce** moved up 20 to 390p, and lingering takeover speculation lifted **British Land** 5 to 342p.

A highly bullish circular from analyst Paul Burke of Kleinwort Grieveson generated substantial demand for **BAT Industries**. The *securities house* rate the stock undervalued and is upgrading its recommendation to a "strong buy." James Capel also favours the tobacco cum financial services group and the price spurted 22 to 651p amid a volume of 6.3m shares traded.

Investors continued to search for the next bid candidate in the financial services area following **British and Commonwealth's** swop on **Mercantile House**. **International City**, the money brokers, were *a popular choice* and rose 26 more to 283p, while **MAI** gained 22 to 645p. **Argyle Trust**, 161p, and **Asset Trust**, 128p, were other good spots with rises of around 8.

The leading oils traded quietly in front of today's second quarter results from BP and Royal Dutch Shell. Estimates of BP's replacement net income for the three month period range from £250m to £350m. Forecasts for Shell are in the range of £560m to £620m. **Ultramar's** second quarter results were *in line with market estimates* but marginal disappointment with the dividend saw the shares dip back to 279p before a good rally left the share price a net 6 up at 290p.

A better performance by Overseas Traders featured **Inchcape** which advanced 31 to 784p largely reflecting the buoyant performance of Far-Eastern markets.

Traded Options

Reduced demand for traded options saw 41,474 contracts struck, made up of 27,080 calls and 14,394 puts. Perennial option *favourite Hanson Trust returned* to the fore with 3,273 calls transacted, 1,087 of which were traded in the March 160 series. Dealers also reported lively and relatively evenly-balanced *business* for GEC, 1,677 calls and 769 puts, and *British Telecom,* 1,119 calls and 1,366 puts. The FT-SE 100 index also attracted a fair measure of attention with 1,952 calls and 2,958 puts alone.

Traditional Options

- First dealings Aug 3
- Last dealings Aug 14
- Last declaration Nov 5
- For Settlement Nov 16

For rate indications see end of London Share Service

Stocks dealt in for the call included **Hampton Trust**, **Bula Resources**, **Fitzwilton**, **Newman Industries**, **Abaco**, **Cadbury Schweppes**, **Unigate**, **Associated British Engineering**, **Elswick**, **Storehouse**, **Kellock**, **Inoco**, **Control Securities**, **Blacks Leisure**, **TSB**, **Dee Coporation**, **Brent Walker**, **Croalite**, *Morgan Grenfell*, **Eagle Trust**, **Rolls-Royce**, **Kalon**, **Common Brothers**, **First National Finance**, **Tootal**, **Atlantic Resources**, **B. Priest**, **Allied Plant**, **Charterhall**, **Property Trust**, **Ultramar**, **Westland** and **Thames** *Mining*. *Puts were arranged in* **Rotaprint** and **Unigate**, while double options were transacted in **Eagle Trust**, **Royal Insurance** and **Dares Estates**.

FINANCIAL TIMES STOCK INDICES

	Aug. 12	Aug. 11	Aug. 10	Aug. 7	Aug. 6	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	86.56	86.26	86.12	85.94	86.42	88.86	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.74	95.96	96.24	96.26	96.49	95.69	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1775.2	1772.6	1742.6	1726.9	1754.1	1261.0	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	446.0	444.4	453.5	462.4	468.5	233.7	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.25	3.26	3.32	3.34	3.30	4.37				
Earnings Yld.%(full)	8.07	8.07	8.23	8.29	8.18	10.62				
P/E Ratio (net) (*)	15.21	15.18	14.88	14.79	14.99	11.50				
SEAQ Bargains (5 pm)	49,620	48,770	46,016	57,422	48,611	—				
Equity Turnover (£m)	—	1699.99	1383.82	2067.24	2336.74	642.62				
Equity Bargains	—	54,070	57,464	62,207	55,564	20,011				
Shares Traded (ml)	—	—	—	849.1	763.5	298.6				

S.E. ACTIVITY

Indices	Aug. 11	Aug. 10
Gilt Edged Bargains	131.1	106.2
Equity Bargains	350.3	372.3
Equity Value	3436.1	2797.1
5-Day Average		
Gilt Edged Bargains	124.8	124.9
Equity Bargains	368.4	384.6
Equity Value	3791.0	3914.5

♥ Opening 1771.5 | 10 a.m. 1774.6 | 11 a.m. 1783.1 | Noon 1787.2 | 1 p.m. 1785.2 | 2 p.m. 1786.9 | 3 p.m. 1782.1 | 4 p.m. 1775.9

Day's High 1788.1 Day's Low 1771.0. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=14.94

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (112)

AMERICANS (21), CANADIANS (1), BANKS (4), BREWERS (3), BUILDINGS (2), CHEMICALS (1), STORES (2), ELECTRICALS (6), ENGINEERING (4), INDUSTRIALS (22), INSURANCE (2), MOTORS (2), NEWSPAPERS (1), PAPERS (4), PROPERTY (1), TRUSTS (24), OILS (6), MINES (6).

NEW LOWS (3)

BRITISH FUNDS (1) Treas 3pc 1992, LOANS (1) Inv in Ind 12½pcLn 1992, CANADIANS (1) ABM Gold Corp.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	13,000	193	—	Jaguar	969	582	+3
Allied Lyons	6,800	425	+6	Ladbroke	789	439	—
Amstrad	2,300	163½	−1½	Land Securities	1,400	545	−6
Argyll Group	483	436	−2	Legal & Gen.	2,900	335	+10
Assoc. Brit. Foods	528	371	+3	Lloyds Bank	1,400	354	−1
BAT	6,100	651	+22	Lonrho	2,300	308	+2
BET	982	275	—	MEPC	823	532	−4
BOC	1,100	522	+3	Marks & Spencer	4,800	243	—
BPB Inds.	1,500	374	−4	Midland Bank	2,000	457	+7
BPCC	3,700	344	+6	NatWest Bank	4,500	733	+13
BTR	3,900	322	+5	Next	869	323	−3
Barclays	2,400	565	−1	Pearson	1,100	777	+7
Bass	663	939	+14	P & O	629	692	+2
Beecham	5,000	544	−2	Pilkington Bros	1,850	315	−10
Blue Circle	1,400	485	−13	Plessey	4,300	196	−1
Boots	4,100	307	+4	Prudential	800	£10¼	+⅜
Brit. Airways	4,000	207	—	Racal	7,400	288	+3
Brit. Aero	5,400	489	−13½	Rank Org.	624	709	+2
Brit. & Comm.	1,300	509	+10	RHM	78	322	—
British Gas	7,600	180½	+1½	Reckitt & Col	90	£11	+⅛
Britoil	2,800	314	—	Redland	1,400	518	+7
BP	5,400	368	−½	Reed Intl.	1,100	530	+1
Brit. Telecom	7,100	272	+2	Reuters	778	902	+7
Bunzl	565	250	+8	RMC	162	780	−5
Burton	2,100	298	−3	RTZ	873	£13⅝	+⅛
Cable & Wire	7,400	436	+7	Rolls-Royce	5,100	114	—
Cadbury Schwps	14,000	255	+6	Rowntree	606	538	+2
Coats Viyella	1,600	349	+8	Ryl Bank Scotland	811	379	+3
Comm. Union	5,900	361	+2	Royal Insurance	4,400	519	−17
Cons. Gold	220	£14⅛	+⅛	STC	12,000	281	—
Cookson	699	774	—	Saatchi & Saatchi	1,200	674	−5
Courtaulds	1,100	469	−4	Sainsbury	3,300	276	+3
Dee Corpn	2,450	225	+5	Scott & Newcastle	867	236	+2
Dixons Group	910	349	−1	Sears	7,800	171	+7½
English China Clays	1,300	485	−2	Sedgwick	1,200	317	+4
Fisons	2,000	354	−8	Shell Trans	1,300	£14½	—
Gen. Accident	830	£10⅞	−⅛	Smith & Nephew	3,000	176½	−1½
Gen. Elect	6,950	221	+4	Standard Chart	1,200	788	—
Glaxo	1,700	£17⅞	+⅛	Storehouse	3,900	342	−10
Globe Investment	837	177¼	+1½	Sun Alliance	1,000	£10¼	—
Granada	1,800	327	+2½	TSB	2,700	63	−½
Grand Met	1,800	557	+1	Tarmac	2,500	296	−3
GUS "A"	598	£12⅞	−⅛	Tesco	7,750	186	−6
Guardian R.E.	802	£10¼	+⅛	Thorn EMI	1,300	672	—
GKN	681	411	−2	Trafalgar House	1,100	381	+3
Guinness	2,100	349	−3	T'house Forte	3,400	254	−2½
Hammerson	865	603	−9	Unigate	1,500	390	−3
Hanson Trust	20,000	188½	+1½	Unilever	1,300	698	+9
Hawker Sidd.	757	569	−7	United Biscuits	1,200	315	−2
Hillsdown Hldgs.	3,100	319	—	Wellcome	2,500	472	+16
ICI	1,500	£15⅛	−⅛	Whitbread "A"	1,000	356	+6
				Woolworth	1,000	365	+1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	81	24	8
Corporations, Dominion and Foreign Bonds	23	11	23
Industrials	777	258	537
Financial and Properties	347	67	187
Oils	41	18	56
Plantations	3	1	10
Mines	50	51	89
Others	94	80	91
Totals	1,416	510	1,001

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Wednesday August 12 1987

	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues August 11 Index No.	Mon August 10 Index No.	Fri August 7 Index No.	Year ago (approx.) Index No.
[illegible]										

FIXED INTEREST

PRICE INDICES	Wed August 12	Day's change %	Tues August 11	xd adj. today	xd adj. 1987 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Wed August 12	Tues August 11	Year ago (approx.)
[illegible]			

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*421)	420	25	38	48	18	27	30
	460	10	20	32	45	52	57
	500	1½	10	18	85	90	93
Brit. & Comm. (*508)	500	35	50	65	22	27	32
	550	15	28	40	53	57	60
	600	4	13	25	95	95	97
[illegible]							

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡110	F.P.	—	121	113	Adscene	113	......	L2.5	1.9	3.0	23.8
245	100	28/8	147	130	BAA	133	−1	L6.6	2.4	3.2	17.3
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA | GERMANY | SPAIN | AUSTRALIA (Continued) | JAPAN (Continued)

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

ITALY

NETHERLANDS

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Closing prices August 12

MONTREAL

Closing prices August 12

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

NYSE-Consolidated 1500 Actives

LONDON – Most Active Stocks
Wednesday, August 12, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Hanson Tr.	20.0m	188½	+ 1½	Tesco	7.7m	186	– 6
ASDA-MFI	13.0m	193	unch	Brit Gas	7.6m	180½	+ 1½
STC	12.0m	281	unch	Cble & Wire	7.4m	436	+ 7
Cad Schwps	11.0m	255	+ 6	Racal	7.4m	288	+ 3
Sears	7.0m	171	+ 7½	Brit Telecom	7.1m	272	+ 2

TOKYO – Most Active Stocks
Wednesday, August 12, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Kawasaki Steel	182.37m	287	+ 13	Nippon Kokan	18.88m	296	+ 16
Nippon Steel	127.54m	349	+ 13	Mitsubishi Chem	17.98m	1,288	+ 138
Hitachi	33.41m	1,278	+ 48	Sumitomo Metal	15.75m	240	+ 12
Mitsubishi Petrochem	30.84m	1,180	+ 98	Matsushita Elec Ind	14.97m	2,650	+ 80
Fujitsu	24.81m	1,320	– 18	Nippon Kogaku	13.66m	1,178	+ 30

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES:		
Abb Life	296	+11
All Lond Prop	115	+12
Alp Sft Drinks	89	+ 4
BAT Inds.	651	+22
Brit Dredg	239	+21
Cad Schweppes	255	+ 6
Cat Allen	410	+32
Countr Props.	285	+15
Cowie (T.)	895	+35
Equity & Law	329	+13
Ests Prop. Inv	290	+15
Etam	307	+14
Gerrand & Nat	365	+24
Inchcape	784	+31
Intl. City	283	+26
Klein Bens	570	+20
Legal & Gen	335	+10
Molynx	160	+23
NatWest Bnk	733	+13
RTZ	£13⅝	+ ⅜
Scholes (G. H.)	578	+15
Sears	171	+ 7½
Utd. News	509	+17
Wellcome	472	+16
Yellowhammer	270	+15
FALLS:		
Brit. Aerosp	489	–13½
Harr Queens	165	–31
Lister	232	– 5
Royal Ins	519	–17
Storehouse	342	–10

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 33

Quadrx	148	10⅛	10¼	10¼	– ¼
Quantm	58 2488	18	16¾	17½	+ ½
Quiksiv	21 261	12⅝	12⅜	12½	+ ⅛
Quixte	240	14¼	13¾	13¾	
R					
RPM .72	21 453	25	24½	24½	– ¼
RadSys	17 924	11⅝	10⅞	11⅝	+ ¾
Rainer 1.16	16 1459	u54⅞	53⅞	54¼	+ ¾
Reeves	22 595	13⅛	13	13	– ⅛
SlvStMn	44 11422	11-16	29-16	2⅝	
SimAir	7 608	9½	9⅛	9½	+ ⅜
Sizlers	26 891	21¼	19½	20½	+ ¾
SmthFs	9 121	19	18¼	18¼	– ½
Societys 1.20	10 126	36½	36¼	36½	+ ¼
SoctySv .36	10 326	23	22¼	22¼	– ¾
SoftwA	17 594	13⅛	12½	12¾	– ⅜
StwPb	14 1223	9½	8⅞	9¼	+ ¼
SomrSv	41	13¾	13½	13½	– ⅛
SonocPs .44	20 164	28¾	28½	28⅝	+ ¼
UTL	23 588	16⅛	15⅝	15⅝	– ⅛
Ungmn	31 4157	10⅝	9¾	9⅞	– ⅞
Unitil	20 1211	17⅞	17⅜	17⅜	– ⅛
UnPlntr .30e	14 535	33¼	32½	32¾	+ ¼
UnWarn	25 45	48¼	47¾	47⅞	+ ⅛
UACm .04	183 597	30	29	29⅝	– ¼
UBCol .54t	33 1302	20½	19⅞	20½	+ ⅝
UnCosF .50	6 14	18½	18½	18½	– ¾
UHltCr	15 418	5⅜	5⅛	5¼	+ ⅛
UtdSvrs .72	6 374	22¼	21¾	22	
X Y Z					
XL Dts	58 105	21½	20¾	21½	+ ¾
XOMA	1752	22½	21	21¼	+ ¼
Xicor	356 2237	14½	14⅛	14¼	– ⅛
Xidex	1426	14¼	13¾	13⅞	– ¼
Xylogic	19 114	16	15¼	16	
Xyvsn	36 201	16	15½	16	+ ½
YlowFs .62	23 3875	40⅜	40	40	– ⅜
ZionUt 1.44	18	41¼	40½	41	– ¼
Zondvn	575	12¾	12⅜	12⅜	– ⅜

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35¼	20⅝	AAR s	.60	1.4	24	952	u36⅝	35	36⅝	+1⅜
37	22	ADT	.92	2.9	18	324	32⅛	31⅜	32¼	+⅜
31¼	16¾	AFG s	.16	.6	10	2217	29¾	28	29¼	−⅜
22⅜	8⅝	AGS s			16	549	20⅛	19⅞	19⅞	−1⅛
10⅞	6¾	AMCA				10	9½	9⅜	9⅜	
9⅜	4⅞	AM Intl				4813	7⅞	7½	7⅞	
65½	50⅛	AMR			14	3861	65	64½	64⅝	−¼
27½	24⅞	ANR pf 2.67		11.		3	25	25	25	
25	22¼	ANR pf 2.12		9.5		194	22⅜	22⅜	22⅜	+¼
11¾	8⅛	ARX s			12	58	10⅜	10¼	10⅜	+⅛
73½	31¼	ASA	2a	3.0		712	68¾	65⅞	66⅝	+⅛
20	8¾	AVX		1.6	36	2488	18¾	17⅝	18	+⅜
67	41	AbtLab	1	1.5	26	5828	66¼	65¼	65	+¼
29	24¼	Abitibi g				210	27⅜	27	27⅛	−⅛
16¾	9	AcmeC	.40	2.5	16	702	16⅛	15¾	15¾	−½
9¼	6⅛	AcmeE	.32b	3.5	36	89	9¼	9⅛	9¼	+⅛
23⅞	19	AdaEx	3.42e	15.		192	22⅜	21¾	22⅜	+½
19½	11⅜	AdmMl s	.24	1.6	11	18	14⅞	14⅜	14¾	−⅛
25⅞	12⅛	AdvSys	.62t	2.4	18	226	25½	24¾	25½	+½
24½	12⅞	AMD				18468	21	20	20½	+¼
54¾	47	AMD pf	3	5.7		132	52¾	52¼	52¼	−¾
11⅞	5¼	Adobe				211	11¼	10⅞	10⅞	
20½	14¾	Adob pf	1.84	9.2		8	20	20	20	+¼
21⅞	17	Adob pf	2.40	11.		1	21⅜	21⅜	21⅜	−⅞
15	10⅝	Advest	.12a	.9	10	274	12¾	12½	12¾	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Quote
9½	7⅛	SJuanB42e		4.4	22	320	9½	9⅜	9½	
12⅜	8¼	SJuanR 2c			12	127	10½	10⅛	10⅛	−⅜
33¾	26¼	SAnitR2.04		6.9	369	459	30	28½	29½	+1½
29⅝	16¼	SFeEP 2.88		14.		93	21	20¾	21	
54½	27¼	SFeSoP 1		1.9		8414	u54⅞	53⅝	53⅞	−⅝
49⅛	29¼	SaraLee 1		2.1	21	3981	47	46	46⅜	−⅜
19	14¾	SaulRE .20		1.1	46	4	17¾	17¾	17¾	
23⅛	15¼	SavEP 1		6.0	9	157	16⅝	16⅝	16⅝	−¼
47¼	35	SavE 1.34		3.9		1	34½	d34½	34½	−½
14½	12⅛	SavE pf1.28		9.6		11	13⅝	13⅛	13⅜	+⅛
3⅝	1⅛	Savin				496	1½	1⅜	1⅜	−⅛
5⅝	3⅛	Savin pf				12	5	5	5	−⅛
42⅞	30⅝	SCANA2.32		7.0	10	2591	33⅜	32¾	33¼	+¼
10	8	Schfr n				395	9⅜	9¼	9¼	−⅛
54½	34¾	SchrPl s 1		1.9	22	5067	u55¼	53½	54	−⅛
51	29¾	Schmbl .20		2.4		6898	50⅛	49⅜	49¾	+⅜

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Quote
68½	52	Trav pf4.16		7.8		146	53½	53	53½	+⅜
35⅝	25½	TriCon 5.34e		16.		298	u33⅞	33¼	33⅝	+⅜
35¾	29¼	TriCn pf2.50		8.1		6	30⅞	30¾	30⅞	+⅛
41½	23⅛	Triain s .12		.3	16	384	u41¾	40⅝	41½	+½
38	20¾	TriInd pf.12		.4		7	32½	32⅝	32⅝	−⅛
46⅞	28⅜	Tribun s .60		1.3	18	1275	46⅝	45¾	46	−¼
4⅝	1½	Tricntr				16	3¾	3⅝	3⅝	
34½	14⅛	Trinty .50		1.6	94	453	33	31½	31⅞	−1⅛
78¾	42¼	Trinov s 1		1.3	22	940	u78¼	76⅝	78	+1¼
23⅝	13⅝	TritEng .10		.5	16	317	21⅝	21⅛	21¼	−⅛
28¼	22⅛	TritE pf 2		7.3		38	27½	27⅜	27½	−⅛
65	51	TucsEP3 60		6.1	12	426	59⅝	57¾	58⅞	+¾
16	10	Tultex s			19	250	15	14¾	14⅞	−⅛
22½	14⅝	TwnDs .70		3.3	29	126	21	20⅝	21	
54¾	30¾	TycoLb .48		.9	36	542	u55½	54⅛	55⅜	+¾
15¾	11¼	Tyler .40		2.6	27	167	15⅝	15⅜	15½	−⅛

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Quote
162⅛	108	Wolw pf2.20		1.3		2	u163	163	163	+4
7⅜	2	WrldCp				46	7¼	7	7⅛	
19¾	14⅜	WrldVl n				46	18⅞	18¾	18¾	
58¾	41⅞	Wrigly s1.04		1.8	20	150	58¾	57¾	58	−¾
3⅞	1⅜	Wurltzr				25	2¾	2⅝	2⅝	
18⅞	11⅛	WyleLb .32		1.8	37	722	18⅝	18	18¼	+⅛
24¾	16	Wynns .60		3.2	15	300	19⅛	18⅞	19	−¼

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Quote
81¼	51	Xerox 3		3.8	16	11404	79⅞	78¼	79⅜	+1¼
58¼	54¼	Xerox pf5.45		9.8		35	55½	55⅜	55½	
31½	21½	XTRA .64		2.1	24	186	30¼	29½	30	−⅜
27⅞	25⅝	XTRA pf1.94		7.1		100	27¼	27¼	27¼	−½
27⅞	15	Yorkn			13	213	u28¼	27¾	28	+½
7¼	2¼	Zapata				852	6¼	5¾	6	−⅜
32⅞	20¾	Zayre .40		1.3	19	8041	30¾	29⅝	30¼	−⅜
14¾	9¾	Zemex .40		3.1	8	6	13	13	13	−⅛
33⅝	18⅞	ZenithE			132	1818	u33½	33	33	+⅝
13½	8	ZenLab				830	9¾	9½	9½	−¼
28¾	18¾	ZenNtl .80		3.5	14	180	23¼	23	23⅛	+⅛
19⅝	12⅜	Zero .36		1.8	20	269	u20⅛	19⅝	19¾	+⅛
30¾	17½	Zurnin s .88		2.4	19	272	28½	27¾	28⅛	−⅜
10⅝	8¾	Zweig n.85e		6.5		1378	10	9⅞	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 31

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dow edges lower as investors ride bull market

WALL STREET

HOLDING up well to profit-taking, Wall Street stock prices edged lower yesterday on volume which continued heavy for a third session, *writes Roderick Oram in New York.*

Credit markets, once again remote from the main action, drifted in light trading as the Treasury attracted relatively aggressive bidding on the second leg of its quarterly refunding.

The Dow Jones industrial average closed down 11.16 points at 2,669.32. It had opened a few points up from Tuesday's close before succumbing to several bouts of weakness. At its worst it was off more than 22 points in the last half hour.

Broader market indices also gave ground. The Standard & Poor's 500 lost 0.94 to 332.39 and the New York Stock Exchange fell back 0.43 to 185.70. NYSE volume remained exceptionally brisk at 236m shares, down from 278.13m on Tuesday.

Traders said profit-taking failed to take root and drive the market down because each bout was greeted by other investors as an opportunity to buy. Many institutional investors, big and small, appeared keen to keep riding the bull market. Analysts were still scrambling for explanations of the robust equity rally.

Among blue chips, American Express added $⅛ to $38⅞. Boeing rose $1⅞ to $53, Coca-Cola was unchanged at $50¼, Du Pont gained $½ to $128¾, General Motors added $⅛ to $90. General Electric lost $⅝ to $63½ and Philip Morris dropped $1⅝ to $102⅝.

Oils were mixed as tension continued to run high in the Gulf. Exxon fell $1½ to $98¾, Mobil gave up $¾ to $52⅞. Amoco was unchanged at $82¼ and Chevron added $⅛ to $60⅛.

Some computer stocks which have been in the forefront of the markets rally resisted profit-taking. IBM added $1½ to $170½ and Digital Equipment rose $2⅛ to $182⅛ while Hewlett-Packard slipped $¼ to $67⅝, Apple lost $⅜ to $48¾ and Unisys dropped $⅛ to $47⅞.

GenCorp fell a further $1 to $110⅞ after losing $2¼ on Tuesday when the Federal Communications Commission refused to renew licences on 14 radio and television stations owned by its RKO subsidiary. It plans to appeal the decision which an FCC judge made because of what he termed "fraudulent practices" by RKO.

Woolworth fell $1⅞ to $57 after reporting second-quarter earnings of 56 cents a share against 48 cents, a more modest rate of growth than some of its competitors have been turning in. The retail sector was generally soft with J. C. Penney falling $⅛ to $63½ and Wall-Mart edging down $⅛ to $41⅞ and Sears, Roebuck unchanged at $58⅝ although Federated jumped $2 to $55⅝ on heavy volume.

Novo Industri dropped $4¼ to $34. The Danish maker of enzymes and insulin reported second-quarter profits of 53 cents per American depositary share against 75 cents a year earlier.

Fireman's Fund rose $1⅜ to $37⅞. The insurance company spun off by American Express authorised repurchase of another 10m of its shares representing about 9.5 per cent of those outstanding.

Louisiana-Pacific added $2½ to $35⅝. The plywood and pulp group said it would report a special gain of $3.30 a share after tax from compensation for land appropriated by the federal government.

Kenner Parker Toys rose $1⅛ to $46⅛. The Marvel Entertainment subsidiary of New World Entertainment, up $⅛ to $10, began a tender offer of $41 a share for the outstanding shares of the toy and games maker.

Crazy Eddie fell $½ to $4 in heavy over-the-counter trading. Mr Eddie Antar, former chairman of the electronics retailer, and First City Capital, a company owned by the Belzberg family of Canada, had dropped their $7 a share bid.

Credit markets drifted little changed as the dollar remained firm. The price of the benchmark 8.75 per cent Treasury long bond was up ⅜₂ of a point by late afternoon at 97²³⁄₃₂ yielding 8.94 per cent.

For the second day running, the Treasury's auction attracted heavier than usual bidding. It accepted bids for $9.26bn of 10-year notes at an average yield of 8.74 per cent out of a total tender of $25.54bn. This maturity is often the softest of the auctions with $20bn being a typical volume compared with $25.54bn yesterday and $35bn for three-year notes on Tuesday.

The average yield was up from 8.52 per cent at the previous auction on May 5 and the highest since 9.12 per cent in February 1986.

CANADA

A BOUT OF profit-taking saw stocks in Toronto turn mixed by mid-session. Investors also stood back to assess the market after two sessions of good gains.

Golds, which led the earlier rallies, were mixed. Dome Mines, whose shareholders approved a merger with Placer and Campbell Red Lake, rose C$⅛ to C$22⅞. Placer, whose shareholders are to vote later on the merger, slipped C$⅛ at C$26⅝ in busy trading. Campbell Red Lake eased C$⅛ to C$43⅞.

Transport stocks were up, with Laidlaw B ahead C$⅜ to C$21⅞ in active trading.

Other active industrials included Bow Valley, up C$⅛ to C$20⅞, Moore ahead C$⅜ to C$32⅞, American Barrick Resources up C$⅛ to C$32½ and Inco up C$⅛ to C$28½, while Canadian Pacific slumped C$½ to C$28⅞.

ASIA

Steels support Nikkei advance in heavy turnover

TOKYO

THE RECENT wave of buying enthusiasm continued unabated in Tokyo yesterday, driving share prices higher for the sixth consecutive session in heavy trading, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 277.26 to 25,560.23. Volume swelled to 1.14bn shares from Tuesday's 884m shares. Gains outnumbered losses by 566 to 329, with 134 issues unchanged.

Wall Street's overnight advance to yet another high prompted individuals, investment trust firms and businesses to step up buying, but institutional investors were noticeably absent from the market.

Large-capital stocks and high-technology issues were again the most heavily sought.

Steels, which had led market activity between autumn last year and spring this year, attracted strong buying interest, supported by the prospect that the recovering steel market would help steelmakers swing back to the black in the second half (October 1987-March 1988) of the current fiscal year.

Kawasaki Steel topped the active list with 162.37m shares changing hands, rising Y13 to match its all-time high of Y267. Nippon Steel, the second-busiest issue with 127.54m shares traded, ended Y13 higher at Y349.

Nippon Kokan, with 19.80m shares, advanced Y16 to Y296 while Sumitomo Metal Industries, with 15.74m shares, ended Y12 higher at Y240.

Tokyo Electric Power jumped Y80 to Y6,240 and Tokyo Gas Y10 to Y1,040 while NTT closed Y40,000 higher at Y2.58m.

High-technology stocks drew large buy orders and posted considerable gains. Matsushita Electric Industrial saw 14.97m shares traded and gained Y80 to a record high of Y2,650. Fuji Photo Film advanced Y190 to Y4,540.

Hitachi added Y40 to Y1,270, Nippon Kogaku was up Y30 to Y1,170 and Canon rose Y30 to Y1,130. Hitachi was the third most active with 33.41m shares changing hands.

The strong performance of high-technology stocks was supported by the yen-dollar exchange rate, which stabilised at around Y150, and by the recovering semiconductor market. Another encouraging factor was that Wall Street's continued upswing was being paced by high-tech issues.

Chemical issues performed strongly, with Mitsubishi Petrochemical, the fourth most active stock at 30.84m shares, gaining Y90 to Y1,100. Kanegafuchi Chemical Industry and Shin-Etsu Chemical closed Y51 and Y50 higher at Y1,020 and Y2,180, respectively.

Bond prices moved quite dramatically downwards and then upwards, but trading was quiet as institutional investors, fund managers and traders stayed out of the market due to summer holidays.

On the bond futures market, the September contract, which shed Y0.35 to Y101.90 at the outset of trading, rebounded toward the close, affecting the cash market similarly.

As a result, the yield on the benchmark 5.1 per cent government bond, maturing in June 1996, ended at 5.045 per cent, down from 5.125 at Tuesday's close, after slipping below 5 per cent to reach 4.980 per cent earlier in the day.

HONG KONG

INITIAL profit-taking gave way to fresh buying in Hong Kong, with second-line stocks particularly in demand, and the Hang Seng index moved ahead to its fourth consecutive record, up 10.91 at 3,557.43. The Hong Kong index rose 11.94 to 2,331.57.

Volume dropped slightly from the HK$2bn-plus level of recent days as stocks worth HK$1.94bn were traded. But the view was that the market remained essentially bullish in advance of half-year results later in the month.

Active issues included Bank of East Asia, which rose HK$1.75 to HK$38, a new high for the year, Far East Consortium, up 5 cents at HK$1.48, and Evergo Industrial, 3 cents ahead at HK$98.

Other banks and properties were unchanged or narrowly mixed.

AUSTRALIA

BANKS LED strong industrials in Sydney to leave share prices higher on balance despite a retreat in the mining sector following the drop in the bullion price.

The All Ordinaries index finished 11.8 higher at a record 2,096.0 and national turnover rose to 193m shares compared with 163m on Tuesday.

There were 18-cent gains for Westpac Banking Corp to A$5.68, ANZ to A$4.58 and National Australia Bank to A$5.30 as foreign investors bought heavily.

But among golds Poseidon fell 20 cents to A$6.70, Placer Pacific lost 10 cents to A$4.20 and Metana dropped 30 cents to A$15.50.

Actives included Bell Resources, up 26 cents at A$5.60 on 2.8m shares.

SINGAPORE

A TECHNICAL correction left Singapore share prices mixed to lower after strong gains in the past week or so. The Straits Times industrial index edged up 1.19 to another record of 1,491.28, but the broader market trend was down on profit-taking.

Turnover fell by 3.2m shares to 45.5m shares.

Banks were generally lower, with DBS off 10 cents at S$18.90 in the wake of its higher half-year results. Some 1.9m DBS shares changed hands. UOB saw 1.8m shares traded, falling 5 cents to S$7.85.

A few blue chips advanced, including Keppel, 8 cents higher at S$4.46. After the market closed, Keppel reported improved results for the year. Singapore Airlines added 10 cents to S$14.90 and Cerebos was up 35 cents to S$8.40, both 1987 highs.

EUROPE

Brussels hits high as profit-taking sets in elsewhere

PROFIT-TAKING took hold in Europe yesterday after the spate of highs and bull runs. Most markets were hit, pushing prices generally lower, but stocks in Belgium and Sweden rose to records and Italian shares staged a recovery after seven days of decline.

Brussels soared to a record with a 63.61 rise in the stock exchange index to 5,395.35. The previous high of 5,381.92 was on July 29.

Foreign investors began returning and helped swell the trading volume.

Prices rose almost across the board with good gains in holdings. Réserve rose BFr95 to BFr4,005, GBL added BFr80 to BFr4,280 and Sidro advanced BFr10 to BFr2,800. But Sofina, which rose BFr400 on Tuesday, was hit by profit-taking and ended down BFr100 at BFr16,300.

Blue chip Petrofina was in strong demand, rising BFr100 to BFr13,975.

Stockholm climbed to a new high with the Veckans Affarer all-share index up 4.3 to 1,111.4 and the J&P index 4.3 higher at 2,964.8.

Heavy engineer Asea led the market upwards with a SKr10 gain to SKr420 after a SKr60 advance the previous day on its merger with Brown Boveri.

Blue chip electronics issues were mixed. Electrolux rose SKr3 to SKr306 and Ericsson slipped SKr4 to SKr259.

In pharmaceuticals, Astra was down SKr6 to SKr275 and Pharmacia was off SKr3 at SKr242.

Milan closed firmer for the first time in a week as demand picked up. The Milan stock index, which fell to a second consecutive 1987 low on Tuesday, rose 21 to 880.

Fiat advanced L245 to L11,045 and Olivetti added L240 to L11,940. Montedison edged up L68 to L11,940, recovering from selling pressure the previous day.

Insurers were stronger overall with Ras posting a rise of L1,970 to L59,090 and Toro gaining L605 to L28,610.

Frankfurt closed a quiet session lower overall and near the worst levels of the day due to strong selling pressure towards the end and profit-taking after last week's steep gains.

The Commerzbank index, calculated at mid-session, did not reflect the late sell-off and posted an 8.1 rise to 2,044.6.

Recently strong cars and chemical issues led other sectors downwards. VW shed DM2.20 to DM403, Daimler dropped DM13.50 to DM1,195.50, BMW slipped DM5 to DM729 and Porsche fell DM11 to DM1,011.

In chemicals, BASF was off DM2 at DM338, Bayer was down DM2.70 to DM357.80, Hoechst shed DM2.50 to DM334.50 and Schering slipped DM8.80 to DM631.

Bonds continued their lower trend as foreign buyers were deterred by the firm dollar. The Bundesbank bought only DM6.5m of paper after buying DM21.9m on Tuesday.

Amsterdam edged downwards on later profit-taking after recent rallies. However, early foreign demand for selective blue chips pushed the weighted ANP-CBS index to a record for the sixth consecutive day.

The index, computed at mid-session, rose 1.6 to 333.9.

Blue chip Royal Dutch firmed Fl 2.70 to Fl 291.30 in advance of second-quarter figures and Unilever rose Fl 3.40 to Fl 155. Most other blue chips were down by the close.

Zurich moved quietly lower as profit-taking hit all sectors. The Crédit Suisse index slipped 4.5 to 597.3 in high turnover.

As part of the consolidation, major banks were marginally lower. Union Bank eased SFr50 to SFr5,125 and Crédit Suisse was down SFr50 to SFr3,450.

Engineers were weaker, following Brown Boveri which lost SFr25 to SFr2,020, gently downwards while chemicals were mixed

Paris investors kept on the sidelines awaiting Gulf developments and France's consumer price index for July. Shares were narrowly mixed in thin, directionless trading.

Selected banks showed good performances boosted by a rebound on the financial futures market and by bargain hunting. Crédit Foncier led with a rise of FFr27 to FFr552, followed by UCB which advanced FFr12 to FFr280.

Cars received modest support from a rise in July registrations. Peugeot added FFr20 to FFr1,465 and Michelin was up FFr4.50 to FFr317.

Oslo succumbed to profit-taking after a recent string of highs. The all-share index slipped 0.46 to 391.35 in hectic trading worth NKr221m.

Industrials were marginally firmer

Madrid saw a second day of profit-taking which nudged shares moderately lower.

LONDON

THE UK securities markets retained their confidence yesterday but there was still caution in advance of statistics on domestic wage levels and retail prices today and tomorrow.

After a slow start, equities moved up sharply before retreating slightly towards the close.

The FT-SE 100 index closed a net 10.7 higher at 2,286.1 after climbing just above 2,300 at midday. The FT Ordinary was up 2.6 at 1,775.2.

Government bonds moved narrowly in very thin trading to end with small gains. Details, Page 30

SOUTH AFRICA

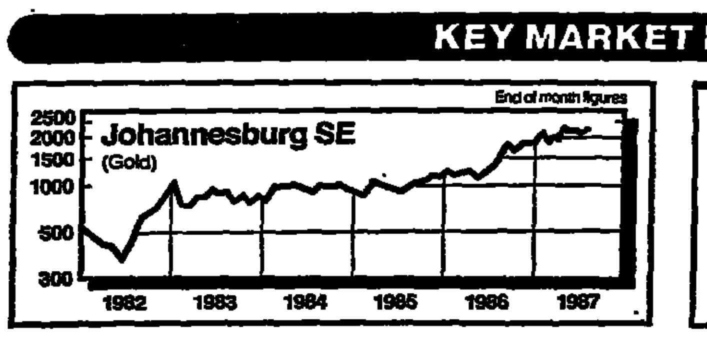
THERE WAS little direction to the Johannesburg market and prices ended narrowly mixed. Most interest centred on the mining financials.

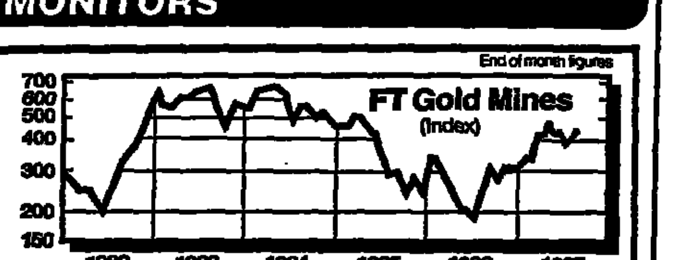
Among golds, Vaal Reefs lost R2 to R465 and Randfontein R5 to R475

In financials, into which investors are apparently moving to spread their gold risks, Gencor rose R1.50 to R66.50 and Rand Mines, which has announced a new platinum venture, shot up R10 to R120.

Platinums saw a 35 cent rise for Rustenburg to R61.60 while Northam fell R2 to R44.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Aug 12	Prev	Year ago
NEW YORK			
DJ Industrials	2,669.32	2,680.48	1,835.49
DJ Transport	1,094.18	1,100.11	732.50
DJ Utilities	209.87	210.76	207.13
S&P Comp.	332.39	333.33	243.34
LONDON FT			
Ord	1,775.2	1,772.60	1,242.0
SE 100	2,286.1	2,275.4	1,588.20
A All-share	1,160.04	1,153.15	780.13
A 500	1,278.68	1,272.22	857.75
Gold mines	446.0	444.4	232.9
A Long gilt	9.76	9.78	9.51
World Act. Ind (August 11)	134.05	132.94	96.36
TOKYO			
Nikkei	25,559.28	25,282.97	17,794.7
Tokyo SE	2,115.99	2,091.22	1,470.02
AUSTRALIA			
All Ord.	2,096.0	2,084.2	1,149.2
Metals & Mins.	1,411.5	1,418.8	535.7
AUSTRIA			
Credit Aktien	215.81	215.67	233.03
BELGIAN SE	5,395.30	5,331.70	3,791.97
CANADA			
Toronto			
Met.& Mins.	3,434.0	3,462.3	2,108.0
Composite	4,105.0	4,104.2	3,038.4
Montreal			
Portfolio	2,053.04	2,051.22	1,519.81
DENMARK SE			
SE	–	205.78	208.21
FRANCE			
CAC Gen	(n/a)	406.10	383.4
Ind. Tendance	103.80	103.70	92.32
WEST GERMANY			
FAZ-Aktien	663.92	661.43	685.48
Commerzbank	2,044.60	2,036.50	2,002.0
HONG KONG Hang Seng	3,557.43	3,546.52	1,905.00
ITALY Banca Comm.	637.53	622.00	744.57
NETHERLANDS ANP CBS			
Gen	333.90	332.30	298.6
Ind	279.60	280.60	297.7
NORWAY Oslo SE	520.10	519.86	344.39
SINGAPORE Straits Times	1,491.20	1,490.00	780.07
SOUTH AFRICA JSE			
Golds	–	2,359.0	1,540.3
Industrials	–	2,218.0	1,287.3
SPAIN Madrid SE	291.90	292.57	186.17
SWEDEN J & P	2,964.80	2,960.50	2,620.62
SWITZERLAND Swiss Bank Ind	681.50	682.20	533.6

COMMODITIES (London)

	August 12	Prev
Silver (spot fixing)	494.20p	496.35p
Copper (cash)	£1,125.50	£1,138.50
Coffee (November)	£1,307.00	£1,267.00
Oil (Brent Blend)	$18.475	$19.40

GOLD ($/oz)

	August 12	Prev
London	$462.25	$460.75
Zürich	$462.55	$460.75
Paris (fixing)	$456.67	$457.39
Luxembourg	$460.50	$463.25
New York	$473.00	$474.20

CURRENCIES (London)

	US DOLLAR Aug 12	US DOLLAR Previous	STERLING Aug 12	STERLING Previous
$	–	–	1.5800	1.5700
DM	1.8920	1.8975	2.99	2.98
Yen	151.30	151.70	239	238.25
FFr	6.3125	6.3275	9.975	9.935
SFr	1.5725	1.5765	2.485	2.475
Fl	2.1305	2.1360	3.365	3.355
Lira	1,371.50	1,373.5	2,167.5	2,156.5
BFr	39.30	39.35	62.10	61.75
C$	1.3315	1.3295	2.1045	2.0880

INTEREST RATES

	Aug 12	Prev
Euro-currencies (3-month offered rate)		
£	10	10 1/16
SFr	3⅞	3⅞
DM	3 15/16	3 15/16
FFr	8⅛	8 3/16
FT London Interbank fixing (offered rate)		
3-month US$	7	7
6-month US$	7⅛	7⅛
US Fed Funds	6 9/16*	6⅝
US 3-month CDs	6.55*	6.875
US 3-month T-bills	5.945*	6.11

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 12 (Sept)	89-10	89-20	89-06	89-11
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	94.05	94.08	94.03	94.05
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.88	92.92	92.86	92.88
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	116-27	116-29	116-08	116-26

US BONDS

Treasury

	August 12 Price	August 12 Yield	Prev Price	Prev Yield
7¼ 1989	99 21/32	7.64	99 21/32	7.675
7 1994	97 13/32	8.516	97 9/32	8.52
8½ 1997	98 17/32	8.72	98 14/32	8.72
8¾ 2017	97 29/32	8.947	97 27/32	8.94

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	August 12 Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.69	7.78	–0.03

Source: Merrill Lynch

Corporate

	August 12 Price	August 12 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	unch	unch	93.469	6.40
SCBT South Central 10⅞ Jan 1993	unch	unch	102.00	10.39
Philbro Sal 8 April 1996	unch	unch	90.203	9.70
TRW 8⅞ March 1996	unch	unch	95.674	9.50
Arco 9⅞ March 2016	unch	unch	99.755	9.90
General Motors 8⅝ April 2016	unch	unch	82.38	10.00
Citicorp 9⅞ March 2016	unch	unch	90.68	10.40

Source: Salomon Brothers

* Latest available figures

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